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TOYNBEE AND THE DECLINE OF WESTERN CIVILIZATION

BY THEODORE A. SUMBERG

THE idea of inevitable and unceasing progress is in little favor today. No one need wonder why; the vision of Hiroshima, not Utopia, stares us in the face. In truth, we may be too pessimistic, just as we were too naively optimistic in the old days. Yet, one of the greatest contemporary historians, on the basis of the long-range perspective of universal history, comes to the conclusion that Western civilization does indeed face a breakdown. This is the view offered by the British historian, Arnold J. Toynbee, as the result of the elaborate analysis contained in his magnificent work, *A Study of History*.¹ In these volumes, Toynbee not only presents the most comprehensive and significant scheme of world history we have been afforded in many years, but also supplies a positive prescription of great force for averting the impending disaster. It is these two aspects of his study that we propose to examine here.

I

It will not be possible to tarry long on the ideas behind the ideas of Toynbee's history. This is unfortunate because for speculative grandeur and great moral significance Toynbee's philosophy of history is worthy of standing alongside the visions of the historical process of Augustine, Hegel, Marx, and Buckle. But a few words about it cannot be avoided.

Toynbee takes as his units of study individual civilizations, not separate states. He counts thirty-two civilizations built up by man's creative activity in the past six thousand years. Five of these he

¹ Arnold J. Toynbee, *A Study of History*, 6 vols. (London 1934 and 1939). These volumes make up rather more than two-thirds of the projected study and already contain the substance of the full plot. They have been condensed by D. C. Somervell in a one-volume work published in 1947. References in this article, however, are to the unabridged edition only.

describes as abortive at birth, six arrested early in their career, fourteen now extinct after having run their brief course, and seven still alive, of which only one, Western Christianity, is still lacking conclusive signs of advanced disintegration, however dreadful its present trend. He offers a comparative examination of these civilizations in terms of their origin, growth, disintegration, and dissolution. The basis of this examination rests on the fact that human nature, no matter what the time and the clime, is cut from the same cloth, different as the cultural issue may be.

What makes civilizations run themselves to the ground? It is no analogue of the running down of the clockwork of the physical universe; it is not the inescapable fate of the organism; it is not the consequence of racial degeneration; and it is no classical cosmic law of a perpetually recurring cycle of alternating birth and death. All predestinarian and deterministic hypotheses are rejected. Man is free to make his own history, out of materials of his environment to be sure, but not in coerced conformity with any single pressure from this environment. There is a breath of freedom, Toynbee emphasizes, as well as a net of necessity in this man-environment transaction. An important consequence of the dethronement of necessity as an absolute monarch in historical causation is that history's horoscope can never be cast. Historical knowledge is only after the fact. Another consequence is to fix man as the central locus of responsibility in the historical process. Each civilization is a precarious experiment in man's choices. The destruction that has been the common lot of man in past civilizations is self-inflicted.

The journey of civilization is basically conceived as a successive series of encounters between man and the totality of his environment, both physical environment and human in the sense of the weight of the results of earlier encounters. The response of man to the successive challenges of this environment constitutes the elemental rhythm in the forward movement of civilization. This forward movement, however, is to be understood as occurring only within each civilization. Unilineal evolution embracing all civilizations simply does not fit the facts of their interconnections; more-

over, it involves unwarranted and egocentric value judgments. This forward momentum is to be viewed as man's creative *élan* driving him from the ordeal of one successful response to a challenge to a higher level of challenge, and so on through increasingly difficult successive bouts of challenge and response. Unfortunately there is little breathing space between these fateful bouts. Whom the Lord loveth he chasteneth. The tragedy of history lies in the fact that somewhere in mid-passage the chain of successful responses is broken, and the devilish challenge thus undoing man, if unanswered, will persist until the afflicted society sends itself spinning down to death. The journey is perilous and the traveler easily wearied.

Though the basic rhythm is the same throughout, it is pitched to a different key in growth from that of disintegration. In growth, man goes from success to success in an ever-widening differentiation of his activities and in an ever-increasing control of his total environment, so that his sphere of action becomes more and more self-determined. Toynbee puts it in this way: "Growth means that the growing personality or civilization tends to become its own environment and its own challenger and its own field of action. In other words, the criterion of growth is progress toward self-determination; and progress toward self-determination is a prosaic formula for describing the miracle by which Life enters into its Kingdom" (III, 216).

By contrast, the important fact about disintegration is that man increasingly loses his scope of action as he is tossed about by a malady he cannot exorcise. This malady differs for each civilization, and much of Toynbee's analysis is devoted to investigating their separate characters. The common consequence of all such stubborn afflictions, however, is that man loses his precious birth-right of a wide field of choice. Toynbee quotes the Bible: "When thou wast young, thou girdest thyself, and walkedst whither thou wouldest: but when thou shalt be old . . . another shall gird thee and carry thee whither thou wouldest not" (John xxi:18). If differentiation is the master tendency in growth, as the natural out-

come of a succession of successful responses to a series of different challenges, standardization is no less the master tendency in disintegration, as the outcome of a series of unsuccessful responses to a single challenge which repeatedly taunts the distraught society. No society in the past has really given a particularly good performance of itself. And yet, since there is no necessity in the race to death, it is possible that a civilization may some day appear that will go from success to success in everlasting life.

The reader of Toynbee will know how cruelly truncated this account is. Only the bare bones of the inner skeleton of the scheme have been suggested. The rich abundance of sociological propositions and the dozens of subpropositions in many fields of knowledge are entirely omitted. Beyond the pale of our discussion also is the extraordinary wealth of vivid illustrative material gathered from all corners of historical experience. Specialists in many fields will have to assay the accuracy of the author's overwhelming erudition, but the general reader will be fascinated by the imaginative sweep of the tragic story and the literary power of its presentation.

II

"We cannot say for certain that our doom is at hand; and yet we have no warrant for assuming that it is not . . ." (VI, 320). Toynbee adheres to this viewpoint in acknowledging the conditional character of all contemporary assessments. "The position of our Western Society in our age," he emphasizes, "cannot become known with any certainty of knowledge till the voyage has come to an end . . ." (VI, 313). Yet there is clear presumptive evidence that the West has already started its race to death. This evidence lies in the analysis of a special rhythm of disintegration that he finds characteristic of societies in their last days — a rhythm marked by an insistent beat of what he calls rout and rally, the latter consisting of a brief respite of renewed life between periods of torment and crisis. Toynbee even ventures the suggestion that the standard run of the disintegration rhythm is three and a half beats, and that the West has already undergone the experience of one and a half beats.

But he implies no time-span significance here, for he is interested in uncovering the underlying plot of the drama and not the duration of the scenes.

The *danse macabre* of the West has so far run the following course: a rout in the sixteenth and early seventeenth centuries in the wars of religion; a rally in the brief era of toleration that followed; and a rout in the wars of nationality which began in the eighteenth century and are still a scourge of increasing severity in the twentieth. So far we have not had the bittersweet respite of the second rally, which normally consists in the establishment of a universal peace based on the sword of an imperial power. But there is a crying need for such a Roman peace as we stand in fearful dread of another general war. Toynbee put the matter thus in 1937:

"It would hardly be an exaggeration to say that the shadow of this fear that now lies athwart our future is hypnotizing us into a spiritual paralysis that is beginning to affect us even in the trivial avocations of our daily life. And, if we can screw up the courage to look this fear in the face, we shall not be rewarded by finding ourselves able to dismiss it with contempt as nothing but a panic phobia. The sting of this fear lies in the undeniable fact that it springs from a rational root. We are terribly afraid of the immediate future because we have been through a horrible experience in the recent past. And the lesson which this experience has impressed upon our minds is indeed an appalling one. In our generation we have learnt, through suffering, two home truths. The first truth is that the institution of War is still in full force in our Western Society. The second truth is that, in the Western World under existing technical and social conditions, there can be no warfare that is not internecine" (VI, 314-15).

The bitter anomaly is that when we receive such a peace with open arms we will be giving evidence of following the same path of doom as have other civilizations.²

² In an essay written during the recent war, Toynbee stated that "we have not quite arrived at our Roman Empire yet, though the victor in this war may be the founder of it" ("Has Christianity a Future?" in *Beyond Victory*, ed. by Ruth Nanda Anshen, New York 1943, p. 44).

Toynbee offers this interpretation of the history of recent centuries in the broad framework of a conception of the full story of the West with a somewhat novel chronology and emphasis. To put it very briefly, he would rewrite our history as a succession of four periods. The first one, lasting from 675 to 1075, was that in which the Christian survivors of the shipwrecked Hellenic society faced heavy material challenges to keep alive as "a tiny society in an out-of-the-way corner of the world" (iv, 185). The second (1075-1475) was characteristically the period of the *Respublica Christiana* and the feudal system, the former the result of a Syriac religion that came down as a heritage of the Hellenic civilization, and the latter the Continental response to the challenge of a Scandinavian invader; it was in this period, too, that Italian city-states grew up to a new way of life in solving the relations of the individual to sovereign states which the previous harmony of status-relations had left unsolved. The third period (1475-1875) was first under the leadership of the Italians, whose creative innovations were adopted all over Europe, and then under that of the English, who worked out new versions of Italianate democracy and industrialism on the kingdom-state scale that proved to be of such truly worldwide attractiveness.

The fourth and contemporary period is peculiarly the one in which the twin modern institutions of democracy and industrialism are working themselves out on a world scale with such disastrous effect — disastrous because these institutions have been taken in hand by the mischief-working institution of parochial sovereignty which is destroying man through more and more terrible wars. Unfortunately, the practical politics which the new democratic ideal found in operation in the West was not universal and humanitarian but tribal and militant, with the tragic result that the characteristic modern feature of mass participation in industrialized warfare has added an explosive force to civilization-destroying wars. And so, in the idiom of Toynbee's thought, we will go from disaster to disaster as long as our modern Western souls are incarcerated in the social prison of the national community.

In an extended and brilliant history of the Papacy, the master institution of the West in its period of growth, Toynbee suggests a new date to mark the beginning of the end of the West. He puts it at 1045 when the Papacy first took up arms against secular princes. Carried out in the pride of triumph in the early stages of its struggle with the Holy Roman Empire, this fateful act was the start of the Papacy's eventual undoing and also of the civilization over which it presided as a respected master. Rome brought her fall upon herself by taking up the sword. She was no match with this alien instrument against secular sword-wielders, and as a consequence she went reeling into greater and greater disasters, conventionally noted by the Babylonian Captivity, the Great Schism, the Protestant Reformation, and the Italian Risorgimento. Far more serious than the loss of territory and of temporal power, the Papacy was despoiled in its losing fight of its most precious possession, its hold upon human hearts, "which was a beneficent creative power in Western Christendom when it was directed through the gates of a *Civitas Dei* towards God himself," but which "has degenerated into a maleficent destructive force in the process of being diverted from its original divine object and being offered instead to an idol made by human hands" (iv, 543). This idol is the national state; and in our polytheistic idolatry of such states is to be read the moral and cause of our impending destruction. We have forgotten that "except the Lord build the house, their Labour is but lost that build it."

But it is not too late. It has happened before, at least for a time, that a society by some bold maneuver has extricated itself from the enveloping gloom of death. The West is still able to do so and thereby be the first civilization within reach of a life without end. But only if we cease to worship false gods. The way is still open to a contrite heart.

III

Only by enrolling ourselves as citizens of a *civitas dei* of which the Lord is king can we escape the afflictions of a disintegrating

society. This prescription offers a double challenge to the reader: to inquire into its fitness in Toynbee's theoretical scheme of history, and to evaluate it on its own terms.

Toynbee explicitly outlaws intercivilizational judgments; all civilizations are "approximately equal to one another in value" (I, 177). All have progressed about the same small disappointing distance from their origin points. Despite this neutrality, however, he has no hesitation in making a relative assessment of churches; and this despite the acknowledged fact that the religious structures erected by man's creativity are often the most important distinguishing characteristics of civilizations. "Are we warranted," he asks, "in taking a liberty with religions that we have scrupled to take with civilizations" (v, 371)? Though the full explanation is left for future volumes, the indicated answer is in the affirmative. The reason for it, especially as disclosed in the later volumes under review, is central in understanding Toynbee's approach to history.

History is not just a graveyard of civilizations and Toynbee no mere melancholy recorder of their common end. He faces the same question Hegel asked himself: "But even regarding History as the slaughter-bench at which the happiness of peoples, the wisdom of States, and the virtue of individuals have been victimized — the question necessarily arises — to what principle, to what final aim these enormous sacrifices have been offered."³ Toynbee does indeed find a final purpose in history. The "Wheel of Existence," he writes, "is not just a devilish device for inflicting an everlasting torment on a damned Ixion . . . In the disintegration of a civilization we have found that . . . it does not fade without leaving a rack behind" (vi, 324, 325). This permanent residue is the religion developed in the days of the death throes of a collapsing society (as Christianity developed out of the moribund Hellenic civilization), a religion that serves as the bridge to, and later as the foundation stone of, a new civilization. Out of death comes life. The

³ Georg W. F. Hegel, *The Philosophy of History*, trans. by J. Sibree (New York 1900) p. 21.

in the writing of history and in the supreme meaning to be imputed to the historical process.

Toynbee calls for a new basis in the writing of universal history. Not civilizations, which he innocently took as his starting point, but churches would form the proper unit of historical study under the new dispensation. The historian would tell the story of the various spiritual abodes of mankind, the *civitas dei* and the *civitas terrena* in which men have lived their lives. The church unit is of a "higher order of magnitude," Toynbee claims, and a description of its story involves no neglect of the critical passage in history that stretches from the last days of one civilization to the early days of another. This idea is certainly engaging and one may look forward to its implementation in Toynbee's later volumes, especially in regard to possible new light thrown on areas of man's experience overlooked by "materialistic" historians. But preliminary skepticism may be expressed on two points: one, whether churches are universally the link between the death and birth of related civilizations; and two, whether fuller coverage of the passage between such civilizations would compensate for the danger of mistaking the part for the whole in the study of a civilization's mid-career.

With regard to the meaning of history, the final issue of a civilization in a church must be understood in connection with the thesis that the West — the only civilization with a spark of life in it — is pushing itself over the face of the world and irresistibly making for one worldwide civilization. Now if the West takes the only way of vigor open to it, a return to Christianity, we arrive at a modern universal *Respublica Christiana*. The end result of history, therefore, and indeed its purpose from the very beginning, is the Christian Church as the heir of all previous civilizations and churches.⁴ Especially in the later volumes of Toynbee is the view

⁴ In his more recent essay (cited in note 2) Toynbee has this to say about the end of our coming modern Roman Empire: "And then we may look forward to what may happen when Caesar's Empire decays — for Caesar's Empire always does decay after a run of a few hundred years. What may happen is that Christianity may be left as the spiritual heir of all the other higher religions . . . while the Christian Church as an institution may be left as the social heir of all the other churches and all the civilizations" (pp. 44-45).

made clear that history shows the progressive realization of the Christian Church.

“Christians believe — and a study of History assuredly proves them right — that . . . the brotherhood of Man is impossible for Man” except through citizenship in a *civitas dei* (v, 585). This proof is the divine task of history. History is therefore to be read as a moral lesson, as a catechism of errors, in which the past is to be regarded as a warning as well as a promise for the future. In accordance with this view the death that has overtaken all civilizations is the just reward for pagan societies that have chosen the primrose path of wickedness. Past history simply becomes the story of pagan misadventure and Toynbee’s analysis a Christian critique of pagan historical experience. Only one civilization, that of the West, has the ineffable blessing of the life-giving salvation of Jesus and if it recaptures this priceless heritage, so carelessly thrown away in recent centuries, it will enjoy everlasting prosperity.

It is clear that Toynbee’s protean volumes contain not one but two theories of historical development. The first and earlier in appearance is the naturalistic one: man makes his own history in a world not made for him but in which a favorable outcome of environment-man transactions makes for his prosperity; this prosperity, however, is always in a delicate balance under constantly changing conditions. This naturalistic view sometimes takes on the classical aspects of a Greek tragedy: every society is born with a taint which always results in its death however desperately the fated victim struggles. But this view is increasingly driven off the stage by the traditional Christian eschatological conception. Man now merely expresses a history whose course and final end are set by God. The author hints at the dominance of the latter conception in volumes yet to be published. If this occurs, Toynbee will emerge from his vast labors as a modern Augustine, who has the advantage of reading pagans’ fate not only in the history of ancient Rome but over the whole arena of man’s history.

In one respect the modern Augustine lacks the thoroughgoing consistency in regard to pagan life that distinguished his forebear.

The good saint shed no tears over the death agony of the Roman Empire. Only as men became disappointed with their vain terrestrial strivings would they turn to the Church. Such a view sits well with its basic transcendental premises. With Toynbee, however, there is altogether too much sensitivity to the outcome of man's secular fortunes. Of what use is the transitory satisfaction of a terrestrial *summum bonum* when there is eternal blessedness to be gained? And how can one speak of the possibility of a civilization enjoying everlasting life in the light of Judgment Day, the definite terminus of man's earthly career? It would appear that some of the insidious virus of modern paganism has penetrated the soul even of our modern historian.

Toynbee is not the first — nor will he be the last — to live the double life of a historian and an evangelist. It seems fair to conjecture that he became frightened of the vision he was developing in the earlier portions of his work, a vision of man's endless and repetitive suffering to no purpose. His moral earnestness would not let him stand by and watch the merciless work of fate with his Western contemporaries. He was driven, therefore, to bring Jesus onto the stage as the *deus ex machina* of the drama. Thus, on second thought, history is no longer an idiot's cruel tale of no significance, but a tragic though hopeful account of man's wanderings without God. By so yielding to the pressure of his personal predilections, Toynbee makes his reader acutely aware of how time and space limit a historian's vision, a fact which he laments so audibly with respect to other historians. He refers in his first volume to the illusion of "egocentrism" which "is always and everywhere ingrained in human minds" (I, 158). Alas, in him no less than in others.

The reader cannot fail to note a want of harmony in the two-faced drama — Greek tragedy and Christian mystery play — the author unfolds. For instance, we learn that the growth of civilization is a one-way street (I, 193) and that it cannot reverse its direction without breaking its own law of motion (I, 176). How then can we return to Christianity? To be sure, civilizations in disinte-

gration develop religions; not the religion of their early days, however, but a new one. Moreover, there does not seem to be a new religion on the horizon; and even if there were, Toynbee's personal faith cannot envisage its supersession of Christianity. This faith therefore stands in frontal opposition to the whole succession of consequences that we are led to expect must follow the disintegration and downfall of Western civilization.

The reader will also miss in the Augustinian pages the modesty about predicting history that was so refreshing in the naturalistic passages. He will remember that we must wait until the voyage of a civilization is over before we can know the final port; and yet we are exhorted to believe that it is now the eleventh hour in the West, and are enlightened with regard to both the character of midnight doom and the blessed course of future events if we take the path leading away from this doom. The traditional apocalyptic vision has given Toynbee courage to indulge in prediction to a far greater extent than any ordinary historian would permit himself. Indeed, what view incorporates more of confident prediction than Hebraic-Christian prophecy?

No one supposes that Toynbee is alone in offering a mellow portion of history and personal sermon. Other earth-bound historians like Condorcet, Saint-Simon, Comte, and Marx, apostles of secular religions, have done the same. Toynbee has the advantage over these historians in the more open and acknowledged character of his theological background, but otherwise their differences are of little fundamental importance. From such views have come all the Procrustean beds that crowd the field of historiography. These are, in fact, "the deadly enemies of true historical insight," as Burckhardt put it.⁵ The despairing student of history is faced with a challenge here: to declare a pox on all speculativeness in the writing of history or to maintain its vigor in a naturalistic setting of empirical facts. The first judgment, like throwing out the baby with the bath, seems too severe; the second seems worthy of men's

⁵ Quoted in Karl Löwith, "The Theological Background of the Philosophy of History," in *Social Research*, vol. 13 (March 1946) p. 63.

efforts. In truth, the second method almost had a great monument in Toynbee's own work.

It may be well to point out here that Toynbee is no friend of the *Weltgeschichte* dreaming associated with much of the Continental idealist tradition of philosophic outlook; he is, rather, a virile heir of the British empirical outlook. This is what is so intriguing and also so discomfiting in Toynbee — that he uses the breath of Locke and Hume to reach the same general area of conclusion as those who talk in Platonic and Hegelian accents. Be that as it may, though the basic Augustinian framework of his study must be rejected, his many sociological insights will undoubtedly furnish considerable help to those working on naturalistic universal history. (The interest of this paper in another direction has prevented a detailed consideration of these sociological concepts.)

Naturalistic historians may be warned against one common failing shared by Toynbee and his secular colleagues alike. History may rest upon determinism, indeterminism, blind chance, or creative choice, but *mirabile dictu* it always seems to end up, after a perilous voyage, in the snug harbor of the historian's personal Utopia. It is an open question by which route the voyage is the more wondrous. No one should condemn the miracle of the Toynbeean odyssey, for instance: man is a responsible being, acting freely in the area of a wide discretion set by environmental influence; he has managed to place himself in a position in the Western civilization, despite its afflictions, from which one more leap into creativity will carry him to the ledge of everlasting life in God. Whatever the route, history carries man to a Supreme Opportunity, be it universal Christianity, universal communism, the positive society, or some other. The naturalistic historian must have the courage to face a less pat, less personal, and less congenial outcome.

Those who appreciate full consistency in their theories will have to admit that Augustine again outdoes Toynbee on this score. The final end is postulated at the outset in Augustine's view, and the process of history then becomes the expression of God's creation and guidance of the world to this end. From this line of reasoning

has come the Leibnitz-Hegel view of history as an elaborate theodicy. Hegel so expressed it in the last words of his book: "That the History of the World, with all the changing scenes which its annals present, is this process of development and the realization of Spirit, — this is the true *Theodicaea*, the justification of God in History. Only *this* insight can reconcile Spirit with the History of the World — viz., that what has happened, and is happening every day, is not only not 'without God,' but is essentially His Work." ⁶ The difficulty with this view lies in how God permits evil in the garden of his making. But certainly no less difficult is an explanation for the miracle of how man's creative *élan*, working in an indifferent environment, comes to throw him face to face with the same traditionally established journey's end.

IV

There are many species of the same genus of prescription as that offered by Toynbee. Many of the loftiest of intellectuals and the most innocent of peasants concur in the supreme necessity today for a religious renewal. The growing popularity of this view calls for comprehensive examination, but we will attempt here only the more modest task of discussing briefly Toynbee's specific presentation of it.

For many persons the first question would be: Catholicism or Protestantism? Toynbee does not deign to answer; presumably his only concern is in a revolutionary rededication to the Christian faith by all, whatever the sectarian affiliation or even whether they were believers or not in the past. This unusual tolerance is perhaps to be welcomed, but it does bring into question his vision of one Christian world. The sole institutional condition so far defined by him is that the newly invigorated church will maintain its vitality only if it keeps free of the control of secular governments. The reciprocal freedom of governments from the church is not touched upon, and indeed it is a question whether it may not be precluded by restoring the supremacy of the spiritual authority over the secu-

⁶ Hegel, *op. cit.*, p. 457.

lar. The practical basis for such an outcome may also be questioned, especially in countries that have never before experienced this relationship.

Revolutionary the rededication would have to be because the eleventh-hour task would be to create a new environment for the new man. For instance, the parochial national state — the devil in the modern plot — would have to be thoroughly exorcised. Unfortunately, Toynbee is silent with regard to other necessary social and political measures and, in fact, even with regard to the character of the political order to succeed the national state. The very essence of its purpose is to do away with war, but wars are not associated only with the nation-state. Actually, Toynbee has failed to show that the modern *Respublica Christiana* would be a success where its medieval predecessor failed. It is even possible that a third round of Christian faith, which he recommends, would lead to a new outbreak of warfare as did the second round. In general, he is unduly indifferent (at least in the volumes so far published) about indicating the social-economic-political incidence of a prescription for which he musters such extraordinary power of rhetoric.

The anomaly of Toynbee's religious parochialism has already been pointed out. No nation can claim to be a universe of its own, but no such restraint limits one of the existing contemporary churches; as a result, Western Christianity can do what Western civilization cannot do, and with the sanction of the presumed lesson of history, not to mention its own absolute supernatural claims. Since Westernization is sweeping everything before it — a "titanic movement . . . the most important social phenomenon of recent times" (III, 148) — the Christian Church will come to have dominion over the souls of men of all civilizations and churches. Is this not too fluent a reading of the future? And does it not unduly underestimate the integrity and durability of heathen civilizations and churches whose philosophical proponents, it must be noted, seem less concerned about the loss of native faith than their Christian opposite numbers? But even accepting it as a reasonable possi-

bility, is it to receive our approval? Does a desirable world demand such a narrowing of man's experience? And there is another point. This universal Christianity will commence its career in Toynbee's dispensation under less than inspiring moral auspices. According to his analysis, the process of Westernization that is the *sine qua non* of universal Christianity rests on the initial cultural penetration of the economic and technological aspects of our society. And so we must get as much moral satisfaction as we can from the vision of the Diesel engine doing the Lord's work. On such moral capital the new unitary world civilization will start its providential career.

Perhaps hardest to accept in Toynbee is the simple formula of "Christianity or perish." This is the author in his most partisan mood. One must rebel against this pulpit interpretation even if he does not deny the critical nature of our times or the possibility that modern man will irreparably damage in our day his heritage and his prospects. Failure to make such denials is not to invoke Armageddon; nor does it necessarily involve accepting Toynbee's view of the genesis, nature, or solution of the problem. What is most disturbing in Toynbee's view is that some persons may be thrown into inaction and despair by the knowledge that there is little practical chance of success for the one and only way out he offers. Such a dead-end result would be strange for a theory of history that, in at least one dominant motif, emphasizes the freedom of man's choices. A civilization in disintegration does indeed narrow the range of man's opportunities, as Toynbee points out, but with regard to the contemporary West few would agree to the extent postulated by the author.

It may be true that part of modern man's deep sense of malaise is due to the destruction of the Christian frame of meaning that once held a monopolistic position in his conduct and thought. With the end of this monopoly, new frames of reference, also monopolistically inclined, entered the lists. These were the secular religions of progress of Comte, Marx, Proudhon, and others.⁷ But

⁷ These are illuminatingly analyzed as religions by Albert Salomon in "The Religions of Progress," in *Social Research*, vol. 13 (December 1946) pp. 441-62.

they misused the secular outlook by pouring its new wine into the old bottles of Christian messianism and eschatology. They offered new objects of worship — Humanity, Proletariat, Nation, and others — in place of the dethroned God. All failed to satisfy. But there have been those who have been truer to the secular outlook by closing the back door as well as the front door to traditional religious equipment. They have tried to create a framework of meaning for man on the basis of the natural setting of his life and aspiration. Taking over the good from the old, according to its master principle of discriminating intelligence, naturalism may be able to construct a new domicile for increasing numbers. It can turn against the absolute claims of both quasi-secular and supernatural rivals alike, and be satisfied to live and let live in a field of free competition, in the hope of winning increasing popularity as the ally of the distinctively modern and young institutions of science and democracy. It stands prepared to realize man's heritage and serve as the instrument of his creative progress.

The conventional objection to this line of thought is that it will make man merely an animal "without values." But does the flower bloom less beautifully if one recognizes mud as the source of its nourishment? And will values be less precious if they are recognized as springing from the sweat of experience? On the contrary, there is room for every hope and every spirituality in the *civitas terrena*. Who can know what vast realms of adventure are yet to be discovered within its plastic boundaries? *Sapere aude*: there is no final religion.

To be sure, there is some merit in the view that expresses disappointment over the positive consequences of the breakup of the traditional framework. The Enlightenment was indeed too self-confident in the flush of its victories in the seventeenth and eighteenth centuries. It found the true immensity of its task when confronted with the romantic confusion and reaction of the nineteenth century, and a note of dismay has crept in over the "confusion worse confounded" in the last fifty years. But a full retrospective assessment, weighing victories and defeats alike, will give it heart

and a sobered judgment with which to undertake a new foray into the field. If the world is sick from an inner malaise, its cure is at hand in a wholehearted enlistment under the banners of a new Enlightenment.

Toynbee would probably offer in opposition the statement of St. Ambrose that "it hath not pleased God to give his people salvation in dialectic" (quoted in v, 564). But this is a bad time to belittle intelligence. Modern man has built too complex a world to turn his back on the fullest growth of organized human reason, not only for increasing control of nature but for firmer self-control. He needs all his conscious intelligence in working out his global fate.

(New York City)

OBSERVATIONS ON THE IVORY TOWER

BY FELIX KAUFMANN

I

THE passionate concern of the scientists who worked on the atom bomb with the political issues that grew out of their accomplishment should have greatly surprised those persons who accuse scientists of living in ivory towers. It would be all to the good if there emerged from their wonder a revision of the attitude toward science and philosophy of which the term "ivory tower" is indicative. This attitude is, in many instances, unmistakably ambivalent. The tangible gifts of science are gladly accepted, and lavish praise is showered upon the men who bestow them, but let the benefits of a certain type of research be less patent and suspicion will loom large that it has been pursued out of "mere intellectual curiosity," without due regard for the common good. It is even intimated that the "forbidding style" of many scientific and philosophical writings stems from an effort to protect vested interests, in the fashion of the forerunners of science — the ancient priests and magicians. Such views should not be regarded lightly; they are noticeably influencing the intellectual temper of our time.

It is, therefore, worth while to examine the assumptions and postulates underlying the reproach implied in the phrase "ivory tower." Whatever else a prejudice may be, it is an escape from intellectual effort; and the thorough procedure in combating a man's prejudices is to block his road of escape by putting the problems squarely before him. We shall make the point that some of the assumptions and postulates under scrutiny may be dismissed as unfounded or inappropriate, while others, which have become intermingled with the former, are basically sound, though often in need of modification and reformulation. As so often happens in

controversies of this nature, the crucial problems have been side-tracked by the presentation of exaggerated claims and counter-claims that were more apt to arouse emotion than promote balanced judgment. This is particularly true of the moral censure of scientific detachment on the ground that it is indifferent to the common good. It should be clear from the outset that a scientist's detachment concerns the guardians of the public good only in so far as it may affect adversely his conduct of inquiry or his presentation of the results obtained. Beyond that it should be considered the scientist's private affair.

Listed below are the chief types of shortcomings imputed to the scientist's detachment, each of which will be considered separately at some length:

1. Too little attention has been given to potential practical application in the selection of topics of inquiry.
2. Inquiry often proceeds on a level of abstraction which excludes or reduces practical application of the results obtained.
3. The prevailing scientific and philosophical terminology makes the results of research, not to speak of its methods, incomprehensible to all but a small group of initiates.
4. Many scientists, and even some philosophers, refuse to deal with problems of value, claiming that these are not genuine problems, and thereby fail to offer guidance for making practical decisions.

II

In most instances it is virtually impossible for a person who is not thoroughly familiar with a particular topic of inquiry to pass responsible judgment upon its potential practical significance. If he does appraise this significance, he is apt to underrate it, unless the knowledge to be gained from the inquiry is directly applicable to the promotion of given practical ends — a situation that demands that all complementary knowledge required for the application be ready at hand. A restriction of the scientist's activity to the search for such tangibly practical results would be disastrous for practical

as well as theoretical progress. Few reasonable men would earnestly recommend such a course, but only a small number of people realize that practice is usually best served by theory if it allows theory to follow its own path. To state this is not to deny that estimates of the prospective practical significance of a certain scientific approach are often necessary in deciding to what extent this approach should be encouraged and supported; it is only to caution against the shortsightedness of minimizing in such estimates the more remote possibilities of application.

A systematic attempt to appraise the potential practical bearing of a particular type of knowledge would have to start with a survey of the different domains in which knowledge of this type is supposed to be practically applicable. The next step would be to determine its place in each of these contexts. Such a procedure might be compared to the computation (in marginalist theory) of the economic value of a capital good by considering the different "productive combinations" into which it enters, and its place in each of these combinations. The analogy may be carried a little further. The "remoteness" of a certain type of knowledge from practical application no more warrants a minimization of its practical usefulness than the "remoteness" of a capital good from the consumers' goods to which it contributes would warrant a minimization of its economic value.

"Remoteness" should in both instances be understood as indirectness rather than as temporal distance. Scientific research resulting in the establishment of a general theory may bear practical fruits within a rather short period, especially in the field of physical science. The great technical achievements of the past fifty years, beginning with wireless telegraphy and ending with the atom bomb, bear witness to this fact. It took but a little more than two decades to put to eminently practical use Maxwell's electromagnetic theory of light, and about twice that time elapsed between the establishment of Einstein's formula $E = mc^2$ (energy is equal to mass multiplied by the square of the speed of light), which had been generally regarded as "merely theoretical," to the production

of the first atom bombs. In the latter case, tremendous progress was achieved within a few years by the unparalleled cooperation of a large number of theoretical and experimental scientists and technicians.

The practical effects of psychological, sociological, and economic theories are less *patent* than the effects of physical theories, but this does not necessarily imply that the former have less bearing on practical conduct than the latter. Economic theories, for instance, have had a decided influence on economic policy in the past three centuries. What can be rightly maintained, if a comparison of technical progress with improvement in human relations is taken as a yardstick, is only that the social sciences have had less practical success than the natural sciences. The alleged detachment of social scientists is held to be largely responsible for their failure to achieve more satisfactory results. The principle charge in this indictment is their "ethical neutrality," which we will discuss in another context, but they are also blamed for their preoccupation with pure theory, and, generally, for devoting too much study to problems devoid of substantial practical import.

These claims cannot bear close scrutiny. Whatever may have been the reasons for the fact that the magnificent development of physical theory since the seventeenth century has been less dependent upon practical considerations than the development of social theory, the fact itself can hardly be contested. Hence it does not seem reasonable to impute the relative shortcomings of the social sciences to the detachment of social scientists.

It would rather appear that we are in need of more penetrating theoretical analysis in this field. We have an abundance of data in many domains of social research; what is frequently lacking is the proper organization of these data from the vantage point of their relevance for the pertinent problems. To establish general theoretical principles in the various fields of social research is an arduous, but by no means hopeless, task. Impatient souls who insist on tangible results fail to realize to what extent the attainment of such results depends upon the elaboration of proper methods. Recog-

nition of this point is crucial for a just appraisal of the scientist's activity. In many instances he has to take great pains in testing the ground before he starts building. To denounce this work for not leading to speedy progress is to express a superficial view of the matter.¹ Many investigations which have been widely held to be lacking in any conceivable practical relevance prove, on closer inspection, to furnish important tests of proposed methods. But it is readily admitted that many a social scientist has failed to *reveal* this aspect of his approach.

III

The preceding observations have a bearing on an examination of the claim that the practical significance of scientific research is frequently diminished by its *abstractness*. Objections raised against too much theorizing and against the abstractness of inquiry are, indeed, taken to amount to the same thing.

Discussions of this issue have been seriously hampered by the failure to notice the ambiguity of the term "abstraction." The rather vague idea usually underlying the stricture is that abstraction removes us from reality as directly experienced, because it *disregards* some of its features.

But "disregard" may mean two different things. We may say that Galileo disregards the color of falling bodies in his pertinent law, and we may say, too, that in this law he disregards the resistance of the air. In each case we could use the word "abstraction" in conformity with established scientific use. But the meaning of the word would be different in each case. What we mean to state in the first instance is that the *kind* of color does not matter for the problem

¹ The gist of the preceding argument is often conveyed by calling scientific methods "tools of research," and stating that it is an essential part of the scientist's work to forge his tools. Striking as this metaphor may be, I am reluctant to use it, because it suggests the conception that the relation between scientific methods and scientific results is a relation between means and ends—that is, an external relation. This conception is found to be erroneous when we consider that we mean by a scientific result the acceptance of an assertion *in conformity with scientific methods*. For a discussion of this point, see my book *Methodology of the Social Sciences* (New York 1944) pp. 41 ff., 67 ff.

at hand — that is, that the mechanical behavior of a falling body is invariant with respect to variations in color. In the second instance, however, we do not mean to state that the behavior of a falling body is unaffected by changes in the resistance of the surrounding air. What we do mean is that the constant value zero is assigned to this factor, that the absence of the factor is postulated in the law. In what follows we shall use the term "generalization" when free variability of a factor is assumed, and the term "idealization" when the absence of a factor is postulated. Given these two traditional meanings of "abstraction," we have to examine for each of them separately the stricture that abstraction in scientific inquiry goes too far.

With regard to generalization, the stricture may be readily dismissed. To discover uniformities (invariants) is one of the chief goals of scientific inquiry. Higher generality involves a larger domain of applicability, and is therefore desirable from a practical viewpoint as well. It has, of course, frequently happened in the history of science that the range of a law has been overrated. But these are strictly theoretical issues, which must not be appraised in terms of the relation between theory and practice. The range of a proposed law has to be restricted, if the more general statement is found to be invalid.

What may be justifiably demanded by the custodians of practical interests in the scientific enterprise is that a proper application of the "abstract" laws to practically important "concrete" cases be vouchsafed. But in all fairness they should concede that scientists, as a professional group, have, on the whole, admirably discharged themselves of this duty. Of course there is, and there has to be, division of labor. A scientist who has to his credit great accomplishments in the general theory of his field may be less well equipped to promote the practical application of his findings. To reproach him on this score would be no more reasonable than to blame a composer of symphonic music for not having improved the manufacture of the instruments for which he has written his compositions.

These remarks apply, with some modifications, to the corresponding stricture directed against "excessive" idealization, but here we are confronted with a more serious issue. We may refer again to Galileo's law of falling bodies in developing this point. It is possible to produce the "abnormal" condition of empty space to a virtually unlimited degree of approximation, and, moreover, to determine the retardation brought about by air resistance; and to find a composite law, which accounts with more accuracy for the behavior of falling bodies under "normal" conditions. Galileo himself was fully aware of the fact that his "resolutive" method — that is, the process of idealization — was in need of the complement of a "compositive" method, by which we establish the result of the simultaneous working of different factors that have a bearing on the situation.

It follows that the heuristic value of processes of idealization depends upon our ability to establish the corresponding synthesis. Hence a certain idealization may be held to be excessive, to remove us too far from "concrete" reality, if we do not know how to find our way back to the complex phenomena which are to be explained. An objection of this kind has been raised against "Robinsonian" economics. We cannot examine it here, but whatever might be the outcome of such an examination the stricture should not be lightly dismissed. Generally speaking, we should recognize that the heuristic relevance of a proposed idealization is judged in the light of its function in explaining more complex cases.

Each of the two meanings of "abstraction" discussed so far has been confounded with a third meaning, which may be brought into sharp focus by another example taken from the history of physics. In contrasting physical science in the modern age with Aristotelian physics, it has been pointed out that Aristotle based his system on notions of immediately perceived qualities, whereas mental constructs (mathematical relations) are taken as a basis by the physicists of the modern age. These mental constructs — sometimes called abstractions — were held by contemporary critics of seventeenth-century physics (for example, Poiret) to be too remote from

"nature as it smells and sounds" to be suitable for an explanation of the physical world. "Abstract" knowledge, understood in this sense, is thus "mediate" knowledge, as contrasted with the "concrete" knowledge of the "immediately given." Different degrees of abstractness are, accordingly, taken to mean different degrees of mediacy. The immediately given is thereby supposed to be "simple" in a twofold sense: psychologically, as well as logically, simple. It is supposed to be logically simple as an elementary (unanalyzable) quality, and it is supposed to be psychologically simple as a datum of knowledge apprehended by the mind without any effort of its own. These suppositions have their roots in sensationalist epistemology and psychology. Though the grave defects of these doctrines have been more and more widely recognized in the past decades, they continue to have a strong effect on educators who take it for granted that the difficulties of learning increase in direct proportion to the abstractness of the topic.

The use of the word "abstract" as a synonym for "difficult" is in line with this view. It is ill-advised even if "abstract knowledge" is taken to mean "mediate knowledge," but it becomes utterly misleading if we fail to distinguish this meaning of "abstraction" from the two meanings discussed above, that is, from idealization and generalization. Idealization obviously does not amount to complication; psychologically, as well as logically, it is a simplification. Generalization, on the other hand, while logically a simplification, may be psychologically a complication. The prevailing assumption, however, that thinking in more general terms is always more difficult than thinking in less general terms is open to serious doubts. The underlying idea — that one has to pass through all the intermediate stages of generality to reach a higher stage — is hardly reconcilable with the well-known fact that untrained minds are apt to jump from "concrete" experiences to very broad generalizations.

Abstraction, in the three senses defined above, is essential for scientific inquiry. As a matter of fact, we find abstractions of all three kinds combined in the establishment of scientific laws, which,

incidentally, is one of the reasons why they have not been properly distinguished from each other.

Yet, when all this has been said, it must be admitted that the plea for concrete research contains two sound admonitions. It reminds us, first of all, that every system of laws — even one that comes close to satisfying in its internal structure the theoretical ideals of unity, simplicity, comprehensiveness, and precision — has to be continually tested, and revised if it does not meet the tests. In the second place, we are cautioned against disregarding the descriptive analysis of the phenomena to be explained. Such an analysis is particularly important in psychological and sociological inquiries which deal with phenomena of a highly complex morphological structure. Systematic description is a prerequisite for systematic explanation; it provides the problems to be solved by systematic explanation.

IV

We have mentioned that the word "abstract" is sometimes used as a synonym for "difficult." This meaning of the word comes into play when scientists are taken to task for "being too abstract" in presenting their results. But the other meanings of "abstraction" are also implied in this stricture. Broadly speaking we are here confronted with the claim that the bitter pill of abstract thought must be sugar-coated with attractive concrete examples to make it palatable. This is, on the whole, good counsel for teachers, and for writers of books and articles on science that are meant for a wide circle of readers. But in following this advice one should be on guard against its potential dangers. Stimulating examples or, for that matter, striking similes and metaphors are, by their very attractiveness, apt to distract attention from the crucial points of scientific arguments and to impede the understanding of the gist of these arguments and a proper appraisal of their range of applicability.

It may be well to refer to a case in point. Some decades ago the theory of relativity was *en vogue*, and many people who had not

been too anxious to acquaint themselves with Archimedes' law of the lever felt that they should get an idea of Einstein's theory. A host of popular articles were written, and numerous lectures delivered to meet this demand. They were, of course, of unequal value, but the following remarks apply to a substantial portion of them. Mathematics was strictly taboo; nor were any serious attempts made to show the place of the theory in the history of physics. Instead, the readers, or listeners, were given many exciting, if not always quite fitting, illustrations. Some of these illustrations were designed to drive home the point that not only common-sense opinions about the physical universe, but also the principles of classical physics, had been completely discarded by Einstein. A number of writers and lecturers pointed out, moreover, that the theory amounted to a decisive victory for philosophical relativism and that it would produce a revolutionary change in traditional moral views.

Had these writings, or lectures, merely failed to promote an understanding of Einstein's theory, they would have been rather harmless. But, as a matter of fact, they were apt to block such understanding forever, by disregarding or distorting the essential features of the theory — a theory that should be interpreted not as a destruction of the system of classical physics, but rather as its perfection. By stressing the relativity of space, time, and mass to the observer without giving sufficient attention to Einstein's crowning achievement — the determination of universal invariants and laws of covariation — and by mistaking "relativity to the observer" for subjectivity, they could not fail to create utter confusion.

One should not conclude from this example that the attempts to make the great scientific achievements of our century intelligible to a broad circle of interested people are foredoomed to failure. Einstein himself has shown in a popularly written book that this can be done, and how it should be done.² He does not reach this goal by overstimulating the reader with illustrations (though he is

² See Albert Einstein and Leopold Infeld, *Evolution of Physics* (New York 1938).

second to none in offering fitting examples), but rather by emphasizing the guiding principles of his approach, and its place within the historical development of physical science. Instruction is not offered on a silver platter; but if a reader with a high-school background and a little more than average intelligence is prepared to take some pains in following the argument, he may expect to derive much enlightenment from the book.

Though this work does represent an outstanding didactic achievement, it should not be regarded as one single oasis in a wide desert. We have a substantial number of excellent semipopular books in the natural and the social sciences, many of them written by leading authorities in their fields. The chief trouble is not that there are not enough good books of this kind, but rather that there are too many attractive mediocre books, which keep people from reading the good ones. It is of the highest importance to keep intellectual curiosity alive and to direct it into the proper channels where it may be transformed into determined intellectual effort. But this goal is not achieved by administering overdoses of stimulants.

Perhaps the most harmful of such stimulants is the claim that a particular scientific or philosophical discovery represents a panacea for the ills of mankind. Such creeds are likely to produce hotbeds of fanaticism.

v

It amounts to a rejection of these dangerous panacea claims when social scientists, like Max Weber, insist on the "ethical neutrality" of scientific research, whatever its domain. Such a stand is bound to disappoint those who have pinned their hopes on social science as a guide toward the good life and the good society. Unable to refute the arguments in support of the statement that it is of the essence of science to be value-free, they seek comfort in saying to themselves, or telling other people, that those scientists are living in ivory towers.

When a social scientist is censured for dwelling in an ivory

tower, it is usually implied that he refuses to take a definite stand on controversial social and political issues. Such censure has not come from "outsiders" only. Prominent experts in various domains of the social sciences have raised their voices to assert that the study of social values is a primary topic of social research, and spirited discussions have ensued. Yet it does not seem to me that sufficient clarity has been reached in these discussions. I shall therefore bring into sharp focus what I consider to be the crucial point of the issue at hand.

An affirmative answer to the question whether social science has to be value-free is usually supported by arguments along the following lines, most concisely formulated by Weber. Given a system of ends, science can determine: (1) the necessary means for their attainment, (2) the inevitable concomitant consequences, (3) the resulting conflict between various *possible* valuations with respect to their various *practical* consequences. But science cannot establish the absolute (ultimate) value of any goal. The choice of a goal as ultimate is not a cognitive process; being performed by an act of will rather than by a judgment of reason it is *subjective*. Science is therefore unable to answer even such apparently simple questions as: "To what extent does an end justify the indispensable means?" Claims to the contrary emerge from a failure to recognize the essential limitations of science.

A somewhat different argument leads to a similar result. There is no logical bridge — it is pointed out — connecting the realms of "is" and "ought." We cannot derive value judgments from statements of fact or from a priori truths, as we have them in mathematics. Value judgments are norms; being established by "fiat" they are insusceptible of ultimate rational justification.

Either of these arguments is likely to create the impression that its proponents regard questions concerning absolute values as meaningful, though unanswerable in principle. This view is untenable. "Question" and "answer," and for that matter "problem" and "solution," are correlative terms; to pose a problem is to ask for a warranted answer, that is, a warranted assertion that repre-

sents an answer to the question. In stating that it is impossible in principle — not merely technically impossible — to find a warranted answer to a given question, we declare that we cannot determine the conditions that an answer to this question would have to fulfil in order to be regarded as a warranted assertion. This, however, is tantamount to saying that the meaning of "solution" is not defined in such a case, and this implies that we do not have a genuine problem.

Philosophical doctrines, which state that values can be known and that, accordingly, social science need not, and should not, be value-free, usually claim that fundamental insight in this domain is obtained by intuition. The certainty of the axioms which formulate this intuitive insight is either held to be akin to the (supposed) rational certainty of mathematical axioms, or it is taken to derive from a self-evidence of feelings of which we become fully aware by introspection. But both of these varieties of intuitionist value theory, and of intuitionist doctrine in general, have been subjected to incisive criticism. It has been made clear by this criticism that the idea of intuition as a ground of indubitable truth does not apply to any but analytical judgments. Value judgments, however, are not supposed by the proponents of intuitionist theories of value to be analytical.

The criticism of intuitionist doctrines suggests an approach to the theory of value which differs from the traditional treatments of the subject. As soon as we realize that the meaning of factual knowledge as attained by the methods of empirical science is not linked to a notion of absolute (self-evident) truth, the question presents itself whether an analysis of this meaning — that is, of the distinction between knowledge and unfounded belief — might not provide a clue to the meaning of value judgments, and thereby to a settlement of the issue whether social science has to be value-free. I shall briefly develop this particular point in the paragraphs that follow.

By declaring that a certain assertion or belief has been scientifically established (warranted) we mean to say that it fulfils cer-

tain conditions imposed by rules of scientific procedure. Such rules are implicitly referred to if we say, for instance, that we have established a fact by observation, or that we have established a physical law by inductive inference. *The distinction between (scientifically) warranted and unwarranted beliefs, between genuine knowledge and unfounded opinion, is, accordingly, in terms of rules of scientific procedure.* These rules are in most cases tacitly presupposed, but they have to be made explicit in a proper formulation of judgments of *scientific criticism*. The expression of such a criticism by the statement, "The assertion A is unwarranted," is an elliptical formulation. Even the formulation, "Sufficient grounds for A have not been offered," is elliptical. The complete formulation reads: "The grounds required for the acceptance of A in accordance with the adopted rules of procedure R (to be stated) have not been offered." A critic who declares that the acceptance of a certain assertion by a fellow scientist was unwarranted, may be challenged to formulate the rules of scientific procedure which, according to his view, have been violated. When this has been done, a conclusive vindication or a conclusive refutation of the criticism becomes possible.

It is the possibility of demonstrating the validity or the invalidity of an argument in terms of a given system of standards of validity (rules of procedure), which one has in mind in speaking of the *objectivity* of science. Objectivity can be claimed for a belief if, and only if, there is a fixed standard (criterion) in terms of which the validity of the belief may be affirmed or denied. Accordingly, the term "objectivity" is used in the logic of science in a broader or a stricter sense. Used in the broader sense it means *potential* conformity with a given standard; used in the stricter sense, it means *actual* conformity with a given standard. In the latter case it is synonymous with "validity." Questions concerning the universal acceptance of the standard are not to the point in this context. In posing a question of validity — that is, in asking for criticism — we *presuppose* (postulate) a fixed standard. Accordingly, we mean by a "merely subjective belief" either a belief that is not meant to be

subjected to scientific criticism or a belief that cannot stand scientific criticism.

These considerations apply, in my opinion, to value judgments. A *valuation* (approval, disapproval, preference) corresponds to a belief. A *value judgment*, however, states that a given valuation is right or wrong (warranted or unwarranted) in terms of presupposed standards of valuation (axiological rules). It corresponds, therefore, in its logical structure to a judgment of scientific criticism, a methodological judgment. The formulation of a value judgment is elliptical, unless the axiological rules are explicitly referred to. This state of affairs has been beclouded by the fact that consensus about the rules of scientific procedure — the standards of scientific criticism — extends much further than consensus about the rules of valuation — the standards of ethical or aesthetic criticism. This fact is of major social import, but it does not bear upon the point at issue. The preceding discussion of the meaning of "objectivity" should have made it clear that we must not, on this ground, regard value judgments as "merely subjective."

But the fact that there is substantial disagreement concerning the standards of valuation makes it even more important to formulate explicitly the standards which underlie a particular value judgment.³ Two persons who define "good" or "just" or "beautiful" in terms of different standards of ethical or aesthetic valuation mean different things by value judgments containing these words, just as two persons who call an action "illegal" mean different things, if one of them conceives of "legality" as conforming with American law, while the other conceives of it as conforming with French law.

The postulation of a value-free social science is thus found to be derivable from the general methodological postulation that only words with unambiguous meanings be used in scientific procedure. If a value term is well defined, then it may be admitted into science

³ The standards underlying value judgments made in this paper are generally recognized as implicit in the objectives of scientific inquiry, philosophical analysis, or liberal education. They are therefore not in need of being explicitly mentioned in each instance.

like any other unambiguous term. But this conclusion should not be interpreted as being entirely in favor of the opponents of value-free social science, for the very definitions of value terms, which are required for their admission to science, make it clear that we do not have a "realm" of values or norms to be strictly separated from the realm of facts. Valuations are psychic facts, and the standards by which a certain class of valuations is singled out as "correct" state factual conditions that are to be fulfilled by any member of this class.

The apparently insoluble value problems are thus recognized as elliptically formulated problems; their solution is seen to be possible, as soon as they are completely formulated by explicit reference to the underlying standards of valuation. A systematic classification of these standards is the chief objective of the theory of values. The structures of the various systems of axiological rules, their similarities and dissimilarities, and the trends toward their unification have to be uncovered.⁴ These problems are, however, beyond the scope of our analysis, which was performed for the purpose of establishing the point that the refusal of social scientists to make value judgments cannot be properly explained by their "detachment." It is, rather, the other way round. A "detached" attitude is often imputed to a social scientist on the sole ground of his refusal to admit value judgments into his science.

VI

The question whether an actually prevailing attitude of detachment is likely to have desirable or undesirable effects on the con-

⁴ Attempts in this direction have been impeded by two errors: namely, the confounding of different types of standards of valuation — for example, "justice" understood as conformity with a law, and "justice" of a law; and the confounding of actually established standards with ideal (ultimate, absolute) standards. Absolute value is conceived as conformity with ultimate standards of valuation, which are supposed to be in perfect harmony with each other. It corresponds to absolute truth, which is conceived as conformity with ultimate standards of cognition. Any attempt to base either a theory of knowledge (of facts) or a theory of value on ultimate standards involves what Kant criticized as the illicit transformation of regulative principles into constitutive principles.

duct of research is a different matter. In dealing with this question we have to be on guard against broad generalizations. A passionate concern for the practical effects of the scientific results for which he is striving may stimulate one scientist to most intense effort, and prevent another from thoroughly considering deeper implications of his approach. When different persons are actuated by similar motives, the resulting behaviors may be substantially at variance. The two opposite assertions, that science would fare better, if all scientists engaged in inquiry for the sake of knowledge as an end in itself, or that science would fare better if all scientists had as ulterior objectives some socially desirable practical consequences of their research, are therefore equally unfounded.

But there is one sense in which scientific inquiry must be completely detached from all practical aspirations. The scientist must be unbiased in collecting and weighing evidence and in drawing inferences; in other words, he must validate or invalidate assertions in accordance with the adopted canons of scientific inquiry, regardless of the prospective practical consequences of his results. The following quotation from Dewey's *Logic* represents an impressive statement of this postulation and its methodological relevance: "To engage in an inquiry is like entering into a contract. It commits the inquirer to observance of certain conditions. A stipulation is a statement of conditions that are agreed to in the conduct of some affair. The stipulations involved are first implicit in the undertaking of inquiry. As they are formally acknowledged (formulated), they become logical forms of various degrees of generality. They make definite what is involved in a demand."⁵

It is obvious that these stipulations, that is, the rules of scientific procedure, do not refer to desirability or undesirability of potential practical application of the results obtained. The scientist qua scientist is therefore "disinterested" in the practical significance of the results, in the specific sense that he must not allow himself to be influenced by it in his acceptance or rejection of assertions which he has to test. By consciously allowing his judgments to be deflected

⁵ John Dewey, *Logic; The Theory of Inquiry* (New York 1938) p. 16.

by such considerations, a scientist becomes guilty of an offense that can never be forgiven by the members of a professional group whose cardinal virtue is intellectual honesty.

Intentional violations of this first article of the professional moral code are rare exceptions in countries where freedom of inquiry is safeguarded as a basic right of man. But there are many unintentional violations, which are due to a lack of clarity concerning the implicitly adopted standards of procedure. Resistance to the temptation to take for granted unwarranted assertions, which are in tune with wishful thinking, is strengthened in the measure by which these standards are brought to light.

Such standards are revealed by methodological analysis, which is one of the main types of philosophical reflection. Philosophers have been accused even more often and more bitterly than scientists for dwelling in ivory towers, but the persons who make these complaints are usually not prepared to discriminate between idle speculations and genuine contributions to the philosophical enterprise — the pursuit of clarity. Nor do they properly appraise the momentous social and political significance of this pursuit.

Clarity with respect to the place of specific goals and related means in a comprehensive system of ends and means is a prerequisite of responsible planning. Clarity with respect to the standards of warranted assertibility is indispensable in refuting prejudices and in establishing a firm basis of mutual understanding between man and man and between different classes and nations.

To come to an understanding in practical affairs does not simply mean to reach a compromise, in the sense of letting the other fellow have his way if he promises not to step too ruthlessly on our toes; beyond that, it means to recognize his right — in terms of common moral standards of right and wrong — to have his way. Without such standards (which imply scientific standards of imputation) there cannot be any discussion, properly speaking, nor, for that matter, any agreement in the strict sense, though there may be bargaining and compromise. It is safe to say that a penetrating analysis of social and political issues would reveal a larger stock of common

standards of valuations than one might have expected to find after listening to the shrill voices of defiance — large enough, indeed, to offer a sound basis for discussion.

But be this as it may, if social and political issues are to be discussed at all, then they ought to be honestly discussed, which means that each participant in the discussion should be faithful to his implicit pledge to stick to the point and to yield to well-founded arguments, no matter what the practical consequences of such an attitude may be.

To foster the spirit of veracity is the foremost educational task of the philosopher. Should the fulfilment of this task relegate him to the ivory tower, then he need not be ashamed of his abode.

AN EXPERIMENT IN POLITICAL EDUCATION

The Prisoner-of-War Schools in the United States

BY HENRY W. EHLMANN *

I

THE emphasis given originally to the War Department's re-orientation program for German prisoners of war was shifted as V-E Day approached. While the previous attempts at influencing some 350,000 prisoners through the media of books, films, and newspapers were not abandoned, attention began then to be concentrated on the intensive training of selected prisoners in especially established schools.

Both the selection and the training of these prisoners were determined by the political and psychological situation in which Germany and the Germans were expected to be found at the moment of surrender: the complete breakdown of governmental machinery and the necessary elimination of all compromised elements from positions of influence, great or small, would result in a political vacuum unique in modern history; and the shattering of ideals, precipitated by the failure of an idol, would result in a moral and psychological vacuum, at least for the generation whose formative years had been spent under the Nazi regime.

Accordingly the approximately 25,000 prisoners who passed through one of the special schools or training centers¹ were selec-

* EDITORS' NOTE — Dr. Ehrmann was a member of the staff at each of the four schools whose work he describes.

¹ There was an experimental school at Fort Kearney, Rhode Island, from which 73 prisoners were graduated; a so-called administrative school at Fort Getty, Rhode Island, which graduated 455 prisoners as possible candidates for administrative functions in occupied Germany; a police school at Fort Wetherill, Rhode Island, from which 488 prisoners were graduated as candidates for police work; and 23,142 prisoners received instruction at the Special Project Center, Fort Eustis, Virginia.

ted with a view to their suitability for public functions in Allied-occupied Germany; for the younger prisoners the main criteria were a record of cooperativeness in their previous camps and a proved interest in the objectives of the general reorientation program. In general the criteria for the selection of non-Nazis were necessarily as negative as the characterization itself. And changing directives and modifications of denazification standards often made the selection particularly difficult. In the later phase of the program no prisoner who had belonged at any time to any Nazi organization (except the Hitler Youth and the Labor Front) was admitted to the schools. This led, of course, to a considerable lowering of the average educational level of the prisoner-student group.

It is thus evident that the instruction at the prisoner-of-war schools did not attempt to tackle the problem of reorienting the minds of convinced Nazis or active followers of the defunct regime. Neither the available time nor the teaching staff was sufficient to undertake such a task. But also for more fundamental reasons it was believed that this course should not be taken. Whatever may be contributed from the outside in the way of supervision and suggestions, the shaping and changing of national character and institutions can be effected permanently only by the Germans themselves. Hence it was believed that the foremost mission of the PW schools was to assist in the development of a democratic leadership which would eventually have to decide, itself, on the ways of integrating or permanently rejecting former Nazi elements.

Confining the instruction to anti-Nazis and non-Nazis was by no means tantamount to "convincing the already-convinced."² When nazism is understood as but the latest expression of undemocratic ideals and attitudes prevalent for almost a century in German society, it is clear that also non-Nazis have to undergo a thorough reorientation before they are able to help in deflecting the development of Germany into new channels.

² For a study of an anti-Nazi of a type that was frequently found at the PW schools (though this particular German was not a prisoner of war) see David M. Levy, "The German Anti-Nazi: A Case Study," in *American Journal of Orthopsychiatry*, vol. 16 (July 1946) pp. 507-15.

The controversy between those who believed in the necessity for complete retraining and those who held out for a psychiatric reconstruction alone seemed to resolve itself in an experiment whose avowed purpose it was to prepare human beings, German nationals, for an attack on traditional institutions of their homeland. Out of the mass of observations made in the course of instruction at the various PW schools this article selects those that have a special bearing on the possibilities and difficulties of effecting this needed change in German society.

According to the original directive by which the prisoner-of-war schools were set up, the training curriculum was to include, besides such subjects as the English language and the organization of military government, "a general appreciation of the principles of democracy." It was decided that the instruction intended to further that "general appreciation" should be divided into two courses, dealing respectively with German and with American history. But the staff recognized early that the imparting of new or revised knowledge would be useful only in so far as it served to strengthen the students' potentialities for a democratic personality. Thus there developed three main goals for the teaching at all PW schools: to awaken or sharpen the feeling for the political responsibility of the citizen; to arouse a capacity for spontaneity on the part of men whose training and education had placed special value on obedience and a respect for hierarchy; and to provide sorely needed encouragement to men who were asked to welcome the ruin of their individual and collective existence as the precondition of a new "good life."

II

It was believed that unless the prisoners were made aware of the political responsibilities they had incurred as members of the German community they would never be able to endure, or to explain to their fellow countrymen, the personal and national hardships that were lying ahead. Without a full understanding

of how the outside world looked upon Germany and her past actions the prisoners could not make the needed contribution toward leading their country back into the community of nations.

To what extent the average German soldier — even a year after the capitulation of the German armies — lacked any feeling of responsibility for the role his country had played was evidenced by the written answers which prisoners, barred from admission to one of the training centers, gave to the question what the causes of the war had been.³ Of this group 52 percent explained the war by Germany's need for more living space (61 percent in the age group of men younger than thirty years); an additional 7 percent maintained that Germany was threatened from the outside or that her efforts to establish a new European order were interfered with by the "great powers." Only 23 percent of the answers recognized any responsibility of the Nazi government. No more than 12 percent of the same group, when asked why Germany lost the war, saw defeat as a consequence of Nazi politics. It appears to be quite characteristic that 30 percent of the group — 34 percent of the younger men — attributed defeat to internal disunity, especially to disunity caused by the "treachery" of the military leadership: a new version of the stab-in-the-back legend is here easily recognizable. Altogether such answers reveal too clearly a set pattern of thinking to make it possible to characterize them as merely an expression of ordinary patriotism.

Usually the non-Nazis were far from denying the heavy political and moral guilt incurred by Hitler Germany.⁴ But they tended to draw a veil over the policy of the Third Reich, condemned but

³ It is noteworthy that these prisoners, though certainly Nazi-minded and therefore "blacks," were nevertheless technically "whites" according to the standards of the denazification policy: their own sworn-to and carefully checked statements revealed no membership in any Nazi organization other than the Hitler Youth and the Labor Front.

⁴ The extent of their factual misinformation was remarkable, however: among the university graduates included in 331 prisoners admitted to the Fort Getty school, 28 percent seemed ignorant of the fact that Hitler had declared war on the United States.

"of the past," and to concentrate with earnest obstinacy on the tasks of reconstruction. This attitude of flat forgetfulness had to be overcome if one wanted to sharpen the sense of political responsibility of these German citizens.

It was found, however, that the concept of collective guilt did little to further the desired awareness. When documentary films about the horrors of German concentration camps were shown to them, these selected prisoners accepted the facts as true — an opinion that was shared by only 36 percent of the run-of-the-mill prisoners.⁵ But in discussions and forum debates it became clear that the prisoners considered such deeds the "dirty work" of the SS and other war criminals, and believed the ordinary German citizen was not involved. From a Hollywood picture that enjoyed great popularity with the majority of the prisoners ("The Seventh Cross," after the novel by Anna Seghers) a single scene was condemned by hundreds of prisoners who gave their opinions at various times, completely independently of each other. That scene showed an anti-Nazi underground worker fleeing over the roofs from the Gestapo while the populace was gathering in the streets to witness the flight. The explicit or implied reason for the criticism was that according to this scene the majority of the German people had known about the activities of the Gestapo, while actually, the prisoners protested, they had been totally unaware of them.⁶

But even if the students had not shown such a strong resistance to accepting any feelings of guilt, the staffs of the prisoner-of-war schools would have doubted the wisdom of an approach that expects the Germans to identify themselves with the Nazi regime.

⁵ According to a poll conducted among 22,153 prisoners at the port of embarkation before they were repatriated.

⁶ For a dispassionate discussion of how much the average German actually knew about Gestapo terrorism, see the remarkable study by Eugen Kogan, *Der SS-Staat, das System der deutschen Konzentrationslager* (Frankfurt 1946), especially the concluding chapter on the German people and the concentration camps (pp. 324-29). This work is the first sociological analysis of the concentration camps by a German writer.

Many tests conducted in the PW camps tend to uphold the general contention that the German mentality easily develops a sense of persecution. Hence the production of strong guilt feelings would not help the Germans to achieve a sane mental balance, but rather would further distort their outlook, lead them at best to a morbid introspection, and possibly result in a new attack of aggressiveness, with the unbearable responsibilities projected onto others.⁷

In the PW schools the problem of awakening a sense of collective responsibility, as distinguished from collective or personal guilt, was tackled by a thorough discussion of German history of the last hundred and fifty years. It was demonstrated to the students that the core of the "German enigma" consisted in the prevalence of anachronistic social and political forces in German society, and that there was a direct connection between nazism and the *Realpolitik* of Frederick II and Bismarck.

The initial hesitation of the students about accepting such lessons, and their general hypersensitiveness in all questions involving national pride, were overcome by making them aware that the evidence laid before them was based on the investigations of German and foreign scholars alike, by giving them ample occasion to "talk back" to the instructor, and by insisting at the same time on the democratic potentialities in the German past. Afterwards the response of the prisoners to this part of the instruction at the schools was overwhelmingly favorable; their comments⁸ often showed, too, that their enthusiasm was less a tribute to historical scholarship than an expression of their conviction that they had acquired knowledge which would be a useful tool in their future political and educational tasks.

⁷ Very enlightening on this point are observations made since the occupation of Germany began. See especially "Guilt," in *British Zone Review*, November 9, 1946, and rejoinder, December 7, 1946; also "The Mood of the German People," *ibid.*, October 12, 1946.

⁸ At the end of the training period, comments on the program were given anonymously by all students who had passed through the schools; almost without exception these bore the marks of sincerity.

The culmination of such discussions on the German past were the debates following the showing of a film entitled "Here is Germany," which was prepared by the United States Army with the intention of explaining to the American GI the contrast between the "beautiful, industrious, clean and musical" Germany and the Germany of death chambers and concentration camps. With the aid of cuts from German historical films and newsreels, one "Karl Schmidt" was presented through three generations, his mind and life shaped by the traditional forces ruling the German scene. In the ensuing heated discussions, lasting usually several hours, the prisoners were asked to give their opinions on whether the film was to be considered fair or unfair to the German people. The majority of the prisoners, active anti-Nazis and non-Nazis alike, declared that they recognized themselves in "Karl Schmidt" and therefore had to bear responsibility at least for the rise of National Socialism and its control of national policy, which in turn led to war and war crimes. But again and again it became clear in the course of such discussions that the students were the more open to logical arguments about their historical "guilt" the more the instructor was successful in reducing their psychological tension resulting from a dread of being incriminated on moral grounds.

Once such a new insight into their own national history was acquired by the students, it was possible to launch into a frank exposition of international politics between the two world wars. And these discussions did not shrink from admitting that while the German people had to shoulder a heavier responsibility than any other nation, it was not the sole culprit. The role that complacency, confusion, and appeasement had played in bringing about the catastrophe was factually exposed to an audience which was but slowly overcoming the effects of a decade of isolation from the outside.

III

An understanding of their political responsibilities aroused in the prisoners the desire to exercise better than before the "eternal

vigilance" that is essential if their country is ever to be weaned from autocratic institutions. But if the students were to be helped to develop the qualities of a democratic personality, yet other serious shortcomings in attitude and outlook had to be attacked.

One of the hardest tasks of the staffs at the PW schools was that of wrestling, in the course of instruction, with the students' fairly general lack of spontaneity and initiative. To what extent this lack was a result of the often-described status consciousness of the Germans was easily detectable.⁹ Hence everything was tried to deflate the prisoners' emphasis on social and educational status.

The organization of small discussion groups, the composition of these groups, and the distribution of the teaching staff proved to be helpful in this respect. Before they were admitted to the schools the German officers had to forgo their privileges and to remove all distinguishing insignia. And the groups into which the students were divided were, except for the language instruction, composed in a purely mechanical fashion, with the result that the grade-school graduate found himself sharing the discussion of intellectual and spiritual issues with the Ph.D., a novel experience for most Germans. The amount of patience which such an unsegregated audience required from the instructor and from the better-informed student was outweighed by the gain provided by the experience. (Moreover, the entrance tests very often revealed such a surprising lack of knowledge of all political and social issues on the part of the highly educated prisoners that common instruction seemed well justified for yet another reason.)

When the students noticed that the discussion groups were indiscriminately presided over by American officers and enlisted men, civilians and even particularly trustworthy prisoner-of-war assistants, their "status consciousness" expressed itself in fairly comical forms: time and again rumors had to be combated that those who had a full colonel as chairman could count on an influ-

⁹ For a good analysis of these symptoms and their interdependence see "Germany After the War. Roundtable - 1945," in *American Journal of Orthopsychiatry*, vol.

15 (July 1945) pp. 381-441.

ential position when they returned home, that those guided by a young corporal would not have much of a chance, and that the unfortunate ones who had to put up with a discussion leader from their own number would hardly even be repatriated. But when they finally realized that actually a high-ranking officer was engaged for weeks in exactly the same effort as the corporal—that of debating with his enemies of yesterday—their awe gradually overcame their reluctance to speak their minds and to engage in the give-and-take of discussion, for which there had never been much room in the German system of education, at any time or at any level.

Even among these non-Nazis, however, a more or less complete conformism was quickly reestablished as soon as elements in their midst assumed a domineering position. From reports out of ordinary PW camps it had become clear that two factors had complemented each other in giving to most of the compounds, to some of them even after V-E Day, an entirely nazified configuration: the old rigid feeling for hierarchy, and the newer fear of terrorism. Often the terrorizing potentialities of Nazi ringleaders were enhanced by their hierarchical status of noncoms or officers in the Wehrmacht. The spell of these autocrats was broken only when the earlier policy of segregating the anti-Nazis was given up in favor of removing the rabid Nazis. Quite frequently these removals resulted in a sudden swaying of the entire PW population of a camp in a politically different direction—a shift that did not necessarily indicate a lack of sincerity but rather revealed a lack of independence and maturity, the ingredients of personal courage.

Such occurrences, which sometimes took place in the classrooms of the special schools, though in different versions, suggest that for a long time to come all efforts at democratic education must give careful consideration to the necessity of screening and possibly segregating those who are in a position to evoke respect for hierarchy and fear of retribution.

The effort to increase the students' spontaneity and self-confi-

dence by attacking their exaggerated tendency toward submission to authority received very valuable material from the experiences of the prisoners themselves during their stay in the United States, and from the discussion of such features of American society as the educational system, economic organization, party politics, and sports activities. It was never attempted to gloss over social injustices and race prejudices; as the majority of the prisoners had been working in the cotton fields of the South and in the canneries of the Southwest it would not have been easy to do so. But it was possible to point out to them that this is not a society that gives primary concern to the question who is superior to whom, and who is subordinate.

In all discussions concerning the American scene the greatest student participation was usually obtained when the school system was expounded. Those prisoners who engaged in praise of the higher literacy and the higher scholastic achievements in Germany were attacked, often with violence, by the majority of their comrades; the dissenters vituperated the rigid discipline of German schools and the authoritarian teachers to whom they had been subjected, and frequently spoke, with great warmth, of the widespread feelings of inferiority that had resulted from the cleavage that exists in Germany between graduates of elementary and of secondary schools.

Yet the only effective way of developing democratic responsibility and spontaneity is to live and work in situations where democratic practices can be applied.¹⁰ In the artificial atmosphere of PW camps such situations had to be created, and this was done by submitting to the prisoners problems that were of immediate concern to them as a group. Since they were on the eve of their repatriation, questions of reconstruction, discussed as concretely as possible, were particularly likely to arouse student participation

¹⁰ For excellent observations on this point, made on the basis of the findings of the Strategic Bombing Survey, see Helen Peak, "Some Psychological Problems in the Re-Education of Germany," in *Journal of Social Issues*, vol. 2 (August 1946) pp. 36-37.

in the debate, and to provoke the loosening-up process which would prepare the men for showing initiative once they were turned back to the status of citizens. Discussion of such topics as labor relations in the new Germany or the rebuilding of a youth movement ended usually in controversial excitement, even in the most sluggish group.

Once this stage was reached still other shortcomings of the prisoners, which might well be characterized as national ineptitudes, came to the fore and had to be corrected. The students showed, for example, a general inability to conduct an orderly debate. This trait was caused primarily by a complete ignorance of the most elementary rules of parliamentary procedure — and those prisoners who had lived through the fourteen years of the republic were usually no better in this respect than "Hitler's children." But it arose also from a lack of self-restraint and from a disinclination even to attempt to grasp the significance of an opponent's opinion. Once the accustomed rigid discipline had fallen, these qualities led very easily to almost anarchistic attitudes. For example, when the subject of discussion was the necessary reforms of the bureaucracy, an institution that has certainly played a troublesome role in German society, these German nationals would often advocate the complete elimination of all civil service; long efforts of persuasion were needed to convince them that under the conditions of the modern state their proposals were not quite realistic.

But in spite of all the difficulties, some of the students, with the aid of their instructors, gradually discovered the methods and techniques of tolerance, and learned how to compose divergent opinions without undue agitation. And when this happened these newly-found talents became a further source of encouragement to them.

IV

The necessity of regarding a strengthening of the prisoners' courage as one of the main goals of instruction was emphasized by the

very timing of the reorientation program. Instruction at the schools started on the very day of the German capitulation; it was in full swing when the Potsdam Declaration was published and when reports about distressing conditions in their homeland were freely accessible to men whose training would prove fruitless if they were not to acquire a saner mentality than the majority of their fellow countrymen.

That the "*Herrenvolk*" of yesterday has a tendency to lapse quickly into a habit of regarding itself as a "sick people" and into an attitude of self-pity has often been observed. It was recognized by the staffs of the PW schools that the material collapse of Germany would be followed by a spiritual breakdown resulting occasionally in a nihilistic attitude even toward the survival of Germany as a national entity;¹¹ that the need for allegiance to a potent and successful community would express itself in a desire for mass emigration to an extent seldom found in other nations; that especially the prisoners in the United States, impressed by the resources of *Amerika*, would tend to concentrate their energies on plans for shifting their sole loyalty to the victor. Such tendencies toward hopelessness had to be counteracted lest the goal of the reorientation program be defeated. Consequently it is noteworthy that in their general comments on the courses a majority of prisoners valued higher than the political lessons they had received the psychological effects of having been lifted from despair and dejection.

A successful means of giving encouragement to Germans who were spurred to attack the roots of both nazism and militarism was the destruction of the myth that democracy is basically un-German and has to be imported from the outside onto a soil where it will never grow naturally.

Entrance examinations revealed that the prisoners were generally ignorant of the liberal traditions in their own national

¹¹ See W. Rose, "Germany: Her Spiritual Collapse," in *British Zone Review*, October 26, 1946.

history. To give but a few examples: of the candidates for the Getty school 50 percent were unable to identify either the Paulskirche in Frankfurt, symbol of the revolution of 1848, or Virchow, the liberal antagonist of Bismarck (31 and 40 percent, respectively, among the university graduates); 35 percent revealed complete ignorance of the German Peasants' Revolt; 50 percent neither had heard of Karl Schurz nor could name a single Social Democratic leader of the period before World War I (41 and 51 percent, respectively, among the university graduates). When tested about their knowledge of more recent happenings, such as salient events of the period of the Weimar Republic, the prisoners made hardly a better showing: 57 percent could not identify Hugo Preuss, the "father" of the constitution (64 percent of the university graduates), several prisoners attributing the authorship of the constitution to Hindenburg; 48 percent did not know who Walter Rathenau was; 29 percent of the prisoners between thirty and forty years of age, and 39 percent of those over forty, were unable to mention the names of three chancellors of the Weimar Republic.¹²

In their answers to these and similar questions the younger prisoners, who had gone to school under the Hitler regime (those twenty to thirty years of age), did not fare much worse than their elders; interviews revealed that much of their knowledge had been acquired through self-education in the PW camps. On the other hand, the greatest general ignorance was revealed by students of an educational level customarily attained by the lower middle classes. Hence the tests added evidence to the often-made observation that in Germany these classes were particularly aloof from

¹² Such ignorance was certainly due in part to an earlier dislike of republican institutions, or to a complete lack of interest in all matters political. One of the prisoners, for example, though through most of the Weimar period he had been the chief prosecutor at the highest court of Bavaria, was not able to mention more than one chancellor of the republic (Brüning). Incidentally, this man, though a non-Nazi, was not admitted to the Getty school; his conservative background showed up so conspicuously in all of his answers to the entrance test that he was not regarded as an acceptable student.

all progressive traditions and altogether ignorant of history and politics.

In order to correct such ignorance and to relieve the students from the fear that they could ever rightfully be regarded as "Quislings" of the western democracies, as much information as possible was provided on manifestations of the German will and ability for freedom — such as local self-government, the intellectual traditions of Germany's classic period, the revolution of 1848, the opposition under Bismarck and William II, the German Youth Movement. But also the inner weakness of these movements was carefully analyzed, and much was said about the escapist role which the flight into metaphysics had played in the course of German progressivism.

Special attention was devoted to the period of the Weimar Republic, for it was believed that the failure of this only practical experiment in democracy, and some customary misconceptions about the reasons for the failure, had deepened the feelings of inferiority harbored by democratically-minded Germans. It was shown to the prisoners that the Weimar experiment had failed mainly because the attempt was made to build a republic on faulty foundations — on an agreement with undemocratic forces which were left in a position to sabotage democratic institutions and progressive legislation. Such analyses of their past history were welcomed by the prisoners as yet another encouragement: since democracy had not really been tried, democracy had not actually failed.

But no less stress was laid on the fact that during the years of Weimar the popular masses, by their insufficiently active participation in political life as well as by their vote, had left the reactionary forces in only weakly contested actual control. Like the film "Here is Germany," the lectures and discussions dealing with the Weimar Republic were used to demonstrate the responsibility of the German citizenry for the course of recent events in German history.

- The discussion of other topics served the same aim of overcoming pessimism by changing some of the images the Germans have of themselves and by debunking some of their most cherished myths. A presentation of the findings of cultural anthropology proved of special help in teaching the prisoners how to look with more objectivity at their own patterns of behavior. An exposition of recent democratic trends was used in an attempt to decrease anxiety about insufficient living space for the rump Germany. Sober and factual information on international relations and world affairs was presented in an effort to attack fears and prejudices in a field where the official German propaganda had been successful far beyond the ranks of the avowed followers of nazism. It was often observed that the same prisoners who revealed in their tests how little they had been bluffed by the social demagoguery
- of the regime in regard to the Labor Front or the Strength
- Through Joy organization were seriously influenced by the conceptions of Nazi imperialism. The "blacks," in their answers, showed that they were still thinking entirely in pan-German terms, seeing the world in a continuing upheaval which would fairly soon permit Germany to effect a comeback.

In regard to the necessary new outlook on world affairs the re-orientation courses probably achieved less, except for a minority of the prisoners, than they did on the subject of Germany's own history. Here a much more sustained effort at reconditioning the German mind will be needed.

v

Gropingly and empirically the staffs at the prisoner-of-war schools developed these methods of strengthening the potentialities of a democratic personality in their students. But the original directive had prescribed instruction in the principles of democracy. How could democracy be taught?

Since the teachers were American, and the environment of the schools the United States, it was quite natural that many object

lessons were drawn from American history and civilization, and that discussions about Americana were extensive. The students expected and accepted this; indeed, the more highly educated among them were often found burying themselves in a detailed study of United States law, economics, and history, conveniently forgetting that they had not been given the assignment of a *Privatdozent*.

But the teachers never intended to identify the ideology and practice of democracy with one particular democratic state or its culture. Hence what was taught of American history was at most its tactics, and what was impressed on the students over and over again was that democracy is a way of life, not merely a form of government.¹³

The concepts of social and political strategy were used to make clear to them what was meant: that conflicts can be constructive, and that the constructive solution of conflict will almost always be compromise. Such lessons were not easily learned by Germans who dread conflict in the belief that its outcome can be only total victory by one side over the other, and who despise compromise as necessarily involving principles. To judge from their comments and letters, however, and from the orations which their spokesmen delivered at the numerous commencement exercises, these became matters of earnest reflection for them, sometimes taken as revelations, always as a guide for future behavior.

But there remained in the prisoners' minds another major reservation about *Demokratie*. If for the Germans democracy was once more to be identified with defeat and failure there would be no German democracy. The war had proved that Hitler's ballistics had been wrong when he exposed himself to a superiority in men and material, but was there proof that democracy as such had been victorious because democracy is a successful way of life, able to solve the problems of our times?

¹³ See T. V. Smith (the director of American Studies at the PW schools), "Behind the Barbed Wire," in *Saturday Review of Literature*, vol. 29, May 4, 1946, especially pp. 6-7.

An answer to such questions was attempted by interpreting to the prisoners the trends, developments, and techniques that had taken place in the democracies, all the democracies, persisting through trials, failures, and new attempts, while the Germans had been isolated from the world by Gestapo walls: economic planning; tax, investment, and trade policies promoting full employment; extension of public control; attempts to clarify and improve economic and social relations; administrative and personnel management; consumer movements; methods of gauging public opinion; modernization of parliamentary working methods; novel forms of coalition governments in European countries.

Such discussions appealed particularly to that group of prisoners for which they were designed — those truly able to assume one day positions of leadership in a transformed Germany. Without hesitation the instructors at the schools concentrated on untiring efforts to develop the moral and intellectual skills of these men. They did so out of the conviction that here the reorientation program offered the greatest, though at times almost frightening, opportunities.

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BRITISH USE OF PUBLIC CORPORATIONS

BY ARTHUR D. ANGEL

I

IN keeping with its 1945 general election pledges, Britain's Labor government is proceeding gradually to activate its nationalization program. The Bank of England Act and the National Coal Act of 1946 have now been followed by passage of the National Transport Act and the Electricity Act, which establish state monopolies in their respective fields and expand the contours of the public corporation as an administrative device.

No novelty among British institutions, the public corporation, functioning as an administrative agency with public responsibility and the flexibility of a private corporate enterprise, has long been favored by Conservatives, Liberals, and Socialists alike, as being more suitable for the management of public enterprise than a rigid bureaucratic arrangement within the usual departmental organization. In 1908, a Liberal government established the Port of London Authority as a kind of mixed-interest harbor trust. Eighteen years later, a Conservative government chartered the British Broadcasting Corporation and the Central Electricity Board. Unlike the usual Hydra-headed American board or commission, independent of ministerial controls, both of these had corporativeness — that is, they could sue and be sued — yet they were responsible to a minister within the Cabinet. The Labor party's first contribution, amended and chartered in 1933 by a non-Labor government, was the London Passenger Transport Board, a public corporation authorized to issue stock for the purpose of taking over and operating as a public enterprise all facilities of the numerous uncoordinated and competing private enterprises engaged in passenger transportation within metropolitan London.

In every case, these were privately owned, publicly managed, single-purpose, public service corporations, and are to be distinguished from the mixed commercial corporations, such as the British Overseas Airways Corporation, the Anglo-Iranian Oil Company, and the Suez Canal Company, in which the state is a large or predominant shareholder. Especially in the case of the Central Electricity Board and the London Passenger Transport, the necessity of maintaining the corporation's credit in order to raise capital on favorable terms, has served as a strong incentive to economical and efficient management.

So successful were these public corporations in solving the question of public responsibility and economic management according to sound commercial and technical principles, that numerous local authorities for the operation of municipal water and electricity distribution, and of canal, port, and harbor facilities, were created after the same pattern.¹ Moreover, since the government is responsible to Parliament and since this particular Labor government had promised extensive social and economic planning, the public corporation, responsible to a Cabinet minister, appeared more desirable for management of public enterprise than the traditional departmental bureaucratic arrangement, in which millions of new employees would automatically be transferred to the civil service rolls.

II

Bank of England. When the Government took over the Bank of England on March 1, 1946, a stated amount of 3-percent government stock, based on the Bank's previous twenty years of earnings, was exchanged for an equivalent amount of private Bank of England stock. Thus the pattern of compensating private owners was established. It is noteworthy that nonvoting public debenture stocks, which represent capital assets, were used instead of bonds.

¹ "Management of State Enterprise: Efficiency of the Public Corporation," in *Times* (London), January 22, 1947, p. 6; Geoffrey Cooper, "Nationalized Industry," in *Spectator*, February 8, 1946, p. 135.

In this way, public capital is sharply differentiated from public debt.²

In accordance with the Bank of England Act, the Court of Directors, composed of sixteen directors, and the Governor, and Deputy Governor, were appointed by the Chancellor of the Exchequer, who may, after consultation with the Governor, issue such directions as he considers necessary in the public interest. The Bank, if the Chancellor and the Governor think it necessary, may request information from, and make recommendations to, the various banks that do business with the Bank of England. Bank employees are not under the civil service.

National Coal Board. Because the Liberal party in 1945 had joined the Labor party in a promise to nationalize the coal industry, and because the Conservatives were not averse to it, passage of the National Coal Act in July 1946 was more or less by general agreement. For decades, labor relations in the mines had been disturbing. Though a long series of committees of inquiry had urged technical and organizational changes, these recommendations had gone largely unheeded by the private operators. With many of the collieries mined out and with the lag in technical efficiency, especially in regard to underground transportation, coal mining stagnated and British industry could not revive.

By the terms of the National Coal Act, the mines and their ancillary undertakings were taken over by the National Coal Board, whose chairman and seven directors, including the vice-chairman, were appointed by the Minister of Fuel and Power. The Board receives directives "of a general character" from that Minister, and its members must be persons of "experience and capacity" in industrial, scientific, or financial matters, or workers' organizations. In connection with this stipulation, it is interesting to note that the Minister of Fuel and Power, Emanuel Shinwell, appointed two well-known union leaders directors of the National Coal Board — Ebby Edwards, up to the time of his appointment secretary of the Mineworkers' Union, and Lord Walter Citrine, formerly secretary

² *Federal Reserve Bulletin* (May 1946) pp. 479-82.

of the Trades Union Congress. Other appointees included a leading physicist, a distinguished accountant with colliery experience, a marketing expert, and Sir Charles Reid, formerly chairman of the technical advisory committee that prepared the Reid Report for nationalization of the industry.

To advise him in issuing general directives to the Coal Board, the Minister appointed two councils. One of these represents the domestic consumers, while the other is composed of industrial users of coal. Presumably, before issuing directives closing worked-out, high-cost, inefficient mines, such as those in the Cumberland region, the Minister will consult the Minister of Town and County Planning, the Minister of Labour and National Service, the Minister of Transport, and other interested departments, for the purpose of coordinating government policies. Presumably, too, the Minister of Fuel and Power will find it practical to consult with the chairman of the Coal Board before issuing general directives, for there is no clear-cut line of demarcation between general policies to be determined by the Minister and those policies which will be decided by the Board. Itself enjoying corporation status by an act of April 25, 1945, the Ministry of Fuel and Power will in all probability make all major decisions on policy, leaving to the Coal Board secondary matters of an essentially technical and executive nature, concerned with the mining and marketing of coal and the manufacturing and marketing of coal by-products.³

In addition to the compensation stock issued to past owners, the Coal Board will have to obtain its new capital, needed for technical reorganization of the industry, from the Treasury, which is authorized to loan up to 150 million pounds. The Board is given no power to raise capital of its own on the capital market without Treasury sanction. This restriction on the Board's discretionary powers would seem to give the Ministry a definite power of veto over the Board's technical plans, and to require their coordination with the broader government policies.

³ G. D. H. Cole, "National Coal Board," in *Political Quarterly* (October 1946) pp. 314-20.

British Transport Commission. Since the Ministry of Air, itself a government corporation, already operated three state-owned air transport corporations, the National Transport Act of 1947 brought within the domain of public enterprise, with few exceptions, all road, railroad, canal, and port facilities of the United Kingdom. Employing a total of 1.26 million workers, Britain's four main line railways, 50,000 independent trucking establishments, 330 canal and port agencies, the London Passenger Transport system, and the world's largest chain of hotels, formerly operated by the railroad companies, are by January 1, 1948, to be brought under the jurisdiction of the Minister of Transport.

To date the broadest in scope and one of the most controversial measures the Labor government has passed, the National Transport Act provides for the appointment by the Minister of a new British Transport Commission, to whose jurisdiction will be transferred all acquired properties in exchange for 2.5-percent British Transport stock. Stock amounting to approximately 1 billion pounds will be required to compensate the rail and canal stockholders. In addition, an undetermined amount will be required to compensate trucking companies and other licensed highway carriers.⁴

The Transport Commission will coordinate equipment and services and, within the framework of directives from the Minister of Transport, lay down general policies to be executed by five managerial groups. These groups, composed of five to nine members, are the Railway Executive, the Docks and Inland Waterways Executive, the Road Transport Executive, the London Transport Executive, and the Hotels Executive. Thus the Port of London Authority and the London Passenger Transport Board, as reconstituted, will pass respectively to the Docks and Inland Waterways Executive and the London Transport Executive.

It is exceedingly difficult to discern any valid reason for supposing that the Port of London, the London Passenger Transport, or

⁴ Herbert F. Banyard, "The Nationalization of Transport," in *Fortnightly* (February 1947) p. 117.

the Oxford Canal will be managed more efficiently through a central office than they have been previously. They have proved beyond cavil that public enterprise can be managed efficiently in the interest of the consumer, with results surpassing the best that private enterprise had offered. Other major port facilities, including those of Liverpool and Glasgow, were already operated as public trusts in which no question of profit or undesirable private competition existed. Their transfer to the jurisdiction of the Transport Commission can therefore mean little more than reorganization for the purpose of coordinating operational policies.

The Transport Act appears to contain adequate provision for the full expression of the interests of all parties concerned. Transport Users' Consultive Committees, to be established on a regional basis and to function under the Central Transport Consultive Committees for England, Wales, and Scotland, will provide the Minister of Transport with democratic channels for ascertaining producers' and consumers' wishes, and will guide him in his issuance of general directives to the Commission. In addition, a Coastal Shipping Advisory Committee will establish functional liaison between the Transport Commission and the independent coastal shipping interests, which for the time being will remain under private operation. Probably within the framework of this liaison, and especially in the operation of the Transport Users' Consultive Committees, lies the answer to the question whether the transportation, port, and hotel facilities of Great Britain will be operated efficiently and in keeping with democratic principles in the economic as well as the political sense.

In acquiring municipal transport undertakings, the Transport Commission will assume the debts as well as the redemption funds of the various municipal agencies. No provision is made, however, for granting extra compensation to such municipal authorities as the Glasgow Corporation, which through prudent management over a period of years has amortized all outstanding indebtedness and brought its equipment up to first-class standards.

To provide capital funds for improving the transportation in-

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dustry, the Transport Commission is authorized by the terms of the Act to issue additional transport stock amounting to 250 million pounds, and to arrange temporary loans from the Treasury not exceeding 25 million pounds. Inasmuch as it has been estimated that the cost of extending modern service to the suburbs of London will be in the vicinity of 300 million pounds,⁵ it would appear that the income from the sale of stock will prove highly inadequate for modernizing the whole industry. Since the average age of locomotives now operated in England is thirty-two years, and since most of the freight and passenger cars are of obsolete vintage, it is probable that 250 million pounds could be prudently spent in the modernization of the main line railroad facilities alone. Such a limitation on its initiative for raising new capital may soon prove onerous to the Commission. This much, however, is certain: to avoid embarrassment before Parliament for grossly underestimating the industry's financial needs, the Minister will find it almost obligatory to enforce a fairly close check on the Transport Commission's plans for the expenditure of the limited funds at its disposal.

British Electricity Authority. Replacing the old Central Electricity Board and enjoying vastly greater powers, the British Electricity Authority was created by the Electricity Act of 1947 as a corporate body appointed by and responsible to the Ministry of Fuel and Power. The scope of its functions is essentially in harmony with the McGowan Committee Report of 1936, which recommended "ultimate public ownership of all [electric] undertakings."

Under the Act, the country is divided into fifteen regional administrations, which, in so far as distribution of electric energy is concerned, will be operated by regional authorities subordinate to the British Electricity Authority; the latter alone will be responsible for generation and transmission of high-voltage energy. Consumers will be represented on the regional boards, but on major

⁵ *Times* (London), February 5, 1947, p. 2; "Nationalization of the Railways," in *Political Quarterly* (January-March) pp. 21-35.

issues of policy, such as uniformity of rates throughout the country and uniformity of accounting methods, the decisions will rest with the Minister of Fuel and Power to whom the Electricity Authority is answerable, this procedure paralleling that established for the National Coal Board. As in the case of the Coal Board, too, the Minister will appoint Consultative Councils to guide him in the formulation of his decisions.

In addition to its mandate to compensate existing private and public owners of electric facilities with nonvoting debenture stock, the British Electricity Authority is authorized to raise capital up to the amount of 700 million pounds for developmental purposes; its sister corporation, the North of Scotland Electricity Board, will be permitted under statutory specifications to issue up to 100 million pounds of stock for the same purposes.

Minister Shinwell has indicated that 200 million pounds will be required for the construction of modern power stations alone, and that another 400 million pounds will be expended in building a distribution network, a substantial portion of which will be in the extension of lines to rural areas.⁶ These estimates appear to be as inadequate for modernization as the estimates for modernization of the British transportation system. Indeed, 25 percent of the urban homes and 70 percent of the farms are not now served with electricity. The cost of extending electric service to these people, and the expense attached to the gigantic problem of standardizing currents and voltages will probably be considerably in excess of the anticipated figures. That the problem of standardization of currents and voltages will, in itself, be no small problem is indicated by the fact that the country is at present served by 205 private corporations and 372 municipal systems. Some are operating on 240 volts and others at 125, some on direct current and others on alternating current, some at 50 cycles and others at 60 cycles. At present, when a person moves to a new town, he must usually buy a new radio, refrigerator, or electric clock. It is reported that the Electricity Authority will standardize the industry on alternating cur-

⁶ *Manchester Guardian*, February 4, 1947.

rent at 240 volts. Transformer and transmission facilities are no less expensive than modern generating equipment.

If, as the Minister of Fuel and Power proposes, uniform rates are to be established throughout the country, it would seem that the urban consumers will have to carry the burden of costs involved in extending service to less populous, high-cost rural areas. Moreover, in this field, as in the field of municipal transportation, some city authorities through prudent management have liquidated all costs and provided efficient modern equipment. These municipalities will, it now appears, be called on to share the burden of modernizing the industry throughout the country, and extending service to the rural areas. Obviously there will be many complex problems for the new local and regional Consultive Committees to discuss.

III

Judging by American criteria, it would appear that removing from local authorities the jurisdiction over such essential services as transportation, harbor facilities, and the supply of electricity, and concentrating their administration in the hands of national public corporations under the jurisdiction of the ministries in London, would strike a mortal blow at the very grass roots of democracy and stifle administrative incentive. Centralization of control in the name of efficiency and uniformity of administrative policy is not necessarily expedient, especially if centralization should engender a feeling, among producers, of abject dependence upon the national government, or create apathy among the workers and the consuming public.

But it is difficult, if not invalid, to judge British nationalization by American standards. To be objective in any appraisal, one should not forget that theirs is a responsible parliamentary system of government, wherein the ministries, unlike the American executive branch of government, are directly and continuously answerable to the parliamentary majority. If a ministry is to be responsible, its authority, in major matters of policy at least, can-

not be dissipated among the various corporate authorities subordinate to it. Moreover, the British feel that if any kind or degree of social and economic planning is to succeed, coordination on a national scale is absolutely imperative.

Obviously there is the danger that several million new government employees will feel that public enterprise should be operated in their interests alone. The new public corporations will most certainly find it difficult to resist "featherbedding," the device common in the United States whereby certain unions insist on keeping more men on the job than the management feels are required. It will undoubtedly take some time for the government, and especially a Labor government, to convince organized labor that public enterprise must be operated in the interest of the consuming public as well as that of the producing public.

It is possible that this viewpoint can be engendered if those working under the various boards of these new public corporations are afforded some degree of intimate responsibility for the success of the undertakings, by being allowed an opportunity to contribute directly to the results, and to share in choosing those whom they can trust to produce the best results. Vesting in a minister unlimited authority to appoint whom he wishes to the boards does not appear to be a very certain way of imbuing the personnel with such a sense of responsibility, or of inspiring confidence among the public. Only to the extent that the consultive agencies are utilized to ascertain worker, producer, and consumer interests, and to make available the most advanced technical knowledge, can such centralization of authority be justified.

There are certain managerial incentives that should not be ignored. Placing the obligation on a public corporation to maintain its credit from the outset, and enforcing the obligation as far as possible by statute rather than by ministerial discretion, is expedient as a deterrent to lax management. In this connection, the Transportation Act of 1947 places an obligation on the Transport Commission to conduct its various undertakings so that the revenue received "is not less than sufficient for making provision for

meeting charges properly chargeable to revenue, taking one year with another." This obligation is not unlike similar requirements found in the Electricity Act and other legislation discussed above.

Another managerial incentive meriting consideration is the "efficiency audit." Its novelty lies less in the idea, which is common in British private enterprise, than in the proposal for its application to all public corporations. Admittedly, devices for promoting technical efficiency do not necessarily stimulate enterprise, for financial obligations may have the opposite effect. Yet, public confidence in the mechanism is not confined to the Labor government.

An active public relations policy, which goes beyond merely explaining and justifying the public corporation to the public, and which seeks to discern what the public thinks and wants, will go far toward making the management of British public enterprises cognizant of their public responsibilities. If the various boards are composed of the most eminent men in scientific research, production management, consumer interests, and labor, and if the various Consultive Committees are organized at all levels — local, regional, and national — to articulate producer and consumer interests, then a dynamic system of public enterprise will prevail.

In the last analysis, however, all these incentives together cannot insure enterprising operation, for it is the character and quality of the government itself that will determine the attitude of all who work under it and of the public whom it serves.

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SMALL BUSINESS AS A SOCIAL INSTITUTION

BY KURT MAYER

I

THE feeling that all is not well with small business has been growing in this country for more than sixty years. First expressed in legislative acts in the growing West, an early awareness of the danger of emerging monopolistic power swept across the states and found national expression in the Sherman Antitrust Act.¹ But it was not until the depression of the 1930's that small business problems really took the spotlight. During the depression years the plight of small business became a real problem of the survival of the individual enterprise, and since then public discussion of small business problems has remained with us in a rather persistent manner. This is clearly reflected in the large amount of legislative activity. Several hundred bills concerning small business have been introduced in Congress; a score of these have been enacted into law, among them the well-known Tydings-Miller and the Robinson-Patman Acts. Many more bills have been debated in state legislatures and a number of them have also found their way into the statute books of nearly all the states. Congress has further manifested its concern by the creation of special committees to study small business, and other governmental agencies have likewise given recognition to the existence of its particular problems. The Department of Commerce has a special Small Business Division, while during the war we had the Smaller War Plants Corporation. The Federal Trade Commission is actively interested in small business problems, and an impressive amount of evidence has been taken by the Temporary National Economic Committee, created

¹ See O. P. Hopkins' foreword to "390 Bills," U. S. Department of Commerce, *Economic Series*, no. 37 (June 1943).

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in 1938 by President Roosevelt to investigate the concentration of economic power.

A good deal of the discussion that has occurred since the subject first came into prominence has been carried on in an atmosphere charged with emotion, and has been marked by much excited argument and many wild conclusions. Two diametrically opposed points of view stand out in the debate: (1) it is argued by some that the public discussions of monopoly have been characterized by loose talk and hysteria, and that small business is much better off than the public has been led to believe; ² (2) there are others both in and out of government who claim that small business has been declining and may be threatened with virtual extinction. Where opinions diverge so sharply there appears to be a need for a reappraisal of the available evidence. And it also seems likely that we can gain a clearer understanding of this set of rather complex problems if we attempt to distinguish clearly between its economic and sociological aspects.

II

A brief discussion of the business population as a whole in this country will help to define the contours of the subject matter. Unfortunately the specific census data concerning the business population as such are of very recent origin. We have, however, the occupational statistics of all the United States census enumerations, and from these basic data reasonable estimates can be made. We also have a rich source of material in the statistics collected by Dun and Bradstreet, well-known credit agency. Of the various estimates already made on the basis of the occupational data of the census, the most useful one for our purposes is probably that compiled by Spurgeon Bell of the Brookings Institution.³ Mr. Bell estimates that the total number of business entrepreneurs in this country

² See *New York Times*, February 16, 1947, for an account of the report on "The Special Problems of Small Business" submitted to the Committee for Economic Development by A. D. H. Kaplan on February 15, 1947.

³ Spurgeon Bell, *Productivity, Wages and National Income*, Brookings Institution (Washington 1940) p. 10.

amounted to 1.2 million in 1880; since then the number has increased continuously at virtually the same rate as the total population, and in 1939 it stood at 3.4 million.

From 1929 we have specific census figures on the number of business enterprises. These figures show two things: (1) that the size of the business population varies with the business cycle, and (2) that there is a long-term upward trend in the number of firms. In 1929 we had 3.1 million business concerns; by 1933 this total had dropped to 2.8 million; it then increased to reach a peak of 3.4 million in 1941.⁴

The war brought with it sharp dislocations, the total number of firms dropping to less than 2.9 million by the end of 1943. Since then a sharp increase has once more occurred, particularly during 1945 and 1946. By the middle of 1946 the prewar peak had been exceeded by about 100,000 firms, and by the end of last year the basic peacetime patterns of the business population had been generally reestablished.⁵

The statistics quoted here deal with the entire business population of the country. How much of this is small business is not easy to determine, since there are various ways of measuring business and each has certain drawbacks. For purely practical purposes we may accept the definition of the United States Department of Commerce, according to which small business includes all manufacturing plants with not more than 100 employees; all wholesale establishments with less than \$200,000 annual net sales volume; all retail stores, service establishments, hotels, amusement enterprises, and construction firms with annual net sales or receipts below \$50,000.

If one analyzes the figures in the 1939 Census of Manufactures and Business according to this definition, one finds that 92.5 percent of all the business establishments listed fall into the category of small business. Since small business comprises such an over-

⁴ Melville J. Ulmer, "The Postwar Business Population," in *Survey of Current Business* (January 1947) p. 10.

⁵ *Ibid.*, p. 23.

whelming majority of all business concerns, one would expect that the trends and patterns discernible in the entire business population would also apply to small business alone. And indeed, there are some indications that this is true. It is even true that the number of small enterprises is growing faster than the number of large concerns. In 1929, 68 percent of all enterprises were retail and service firms; by 1941 they amounted to 71 percent of the total.⁶ Since retail and service enterprises are typically small, it is clear that the total number of small business enterprises is increasing more rapidly than the large.

What do these figures mean? They indicate that in terms of economic survival small business *as a group* appears to be remarkably persistent and durable. The statistical evidence fails to substantiate the fears that small business as an economic institution will disappear from the scene. It is true, of course, that the prospects for economic survival differ widely from industry to industry. The development of modern mass-production technology has spelled ruin to many small enterprises and has wiped out entire trades and occupations. Handicraft industries have practically disappeared, and such enterprises as the small rolling mill are a thing of the past. But the same technological developments that have destroyed so many small enterprises have also created many new opportunities. The rise of new industries has resulted in a series of new small businesses, although most of the new industries themselves are typically big business. Every new invention has opened up new possibilities in distribution and service. To mention only a few obvious examples, the development of electricity has produced the electrician and the electrical appliance store; radio has created the radio shop; the automobile has created the car dealer, the garage, the filling station, the repair shop, and the trucking business; the rapid expansion of the cosmetics industry has produced a large number of beauty parlors. There is no doubt that this is a typical process which will insure the continued existence of large numbers of small retail and service enterprises.

⁶ *Ibid.*, p. 9.

Even in manufacturing there remain specific industries where mass-production methods are not the most efficient. The very economics of mass production with its high proportion of fixed costs forces the large enterprises to confine themselves to making standardized articles; any deviation from the standard is uneconomical for the assembly line. The small manufacturer has the advantage in all those industries which are dependent on personal taste, individualized needs, and rapid changes of fashion, such as the clothing industry, or the manufacture of novelties, high-grade furniture, and many other items. There are also industries producing for small markets, or industries confined to local markets because of high transportation costs, and finally, industries where highly skilled labor is of paramount importance.⁷ The chances are therefore more than even that there will always remain opportunities for small enterprises, not only in distribution and service but also in certain lines of manufacturing and in various branches of transportation.

But, and this is a very big "but," the persistence and durability of small business as a group, as an institution, must not be confused with the economic stability of the individual small enterprise. Much of the confusion in public discussion of the problem results from the fact that these two phenomena are not clearly distinguished. While the total number of small enterprises and the total volume of their business activity shows relatively little change, the composition of the group changes very rapidly. If the trend of the business population is observed over a number of years, it appears that from 400,000 to 500,000 new business firms are established every year. During most years since 1900 the new enterprises have outnumbered those discontinued, but in certain years, specifically 1917, 1930-32, and 1942-43, the reverse has been true. Over a long period the total of discontinuances is little smaller than the number of business births. There are annually, moreover, in addition to the completely new concerns and to those which cease operations

⁷ See Fritz Marbach, *Theorie des Mittelstandes* (Berne 1942), and Willard L. Thorp, *The Integration of Industrial Operations* (Washington 1924).

altogether, from 200,000 to 300,000 concerns whose ownership is transferred.⁸

Thus while we have a fairly stable aggregate number of business concerns, we also have a very high annual turnover of from 12 to 20 percent. This is well illustrated by the Dun and Bradstreet Reference Books. In the 39-year period 1900-38 the total number of concerns listed increased from 1.2 million to 2.1 million. But during this period of little more than a single generation nearly 15 million new enterprises were listed and 14 million concerns closed their doors.⁹ This is indeed eloquent testimony to the fact that the struggle for survival of the individual concern is exceedingly hard.

A closer analysis of these overall figures reveals a number of characteristic phenomena of which only two can be mentioned here. The statistics of business mortality are both incomplete and inadequate, but one fact emerges from all investigations — the high rate of infant mortality. The figures vary from industry to industry and from trade to trade, but on a gross average it appears that at least 30 percent of the newly established enterprises do not reach their first birthday, and that another 14 percent are discontinued during the second year.¹⁰ The second phenomenon is the close correlation between net worth and average length of life of a business firm.¹¹ The amount of capital a man can invest in a business very largely determines his choice of the kind of business he can establish; if his capital is small he finds himself barred from entering a number of industries where expensive equipment is necessary. This flies in the face of formal economic theory which assumes that new

⁸ See "Problems of Small Business," T.N.E.C. Monograph no. 17 (1941) pp. 63-71. See also Ulmer, *op. cit.*, pp. 17-18; Donald W. Paden and Alice Nielsen, "Recent Trends in the Business Population," in *Survey of Current Business* (May 1946), p. 21; Quincy Adams, "Notes on Business Population Data," in *Journal of Marketing*, vol. 10, no. 2 (October 1945) p. 175.

⁹ "Problems of Small Business" (cited above) p. 66.

¹⁰ *Ibid.*, p. 7. See also R. G. and A. R. Hutchinson and Mabel Newcomer, "Study in Business Mortality," in *American Economic Review*, vol. 28, no. 3 (September 1938) p. 501.

¹¹ See Ernest A. Heilman, *Mortality of Business Firms in Minneapolis, St. Paul and Duluth, 1926-1930* (Minneapolis 1933) pp. 9-10.

firms will be established where profits are highest, and where additional facilities are needed. In actual fact, newcomers with limited capital resources are confined to those trades where profits are lowest and failure rates high — trades where entrance is easy, competition high, and, consequently, survival chances poor.¹²

According to the American tradition, "any ambitious youth with industry, average intelligence, and thrift can save enough money to start a small business, and if he has real initiative and ability, can develop it into a profitable business of considerable size."¹³ But these traditional assumptions must be considerably modified in the light of the actual vital statistics of business. True, the available data do not prove that it is impossible for a man with limited capital resources to get a start in business. But they do show that the obstacles to the establishment of a small business enterprise are nearly insurmountable in certain industries, and that in others, though entrance is easy enough, survival is the real difficulty.¹⁴ In the latter case, the question is not how much money it takes to go into business but how much it takes to stay there. With regard to the chances of expanding a business, the available evidence points to the fact that those concerns which survive the danger period of infancy become increasingly impervious to mortality,¹⁵ and that they grow somewhat with age.¹⁶ But the data also prove that though many businesses attain a very respectable age, most of them remain small throughout their existence. Contrary to our folklore, small concerns do not, in general, grow into large organizations.¹⁷

Similarly, what little information we possess about the income of small business entrepreneurs tends to confirm the evidence of the business population statistics and the mortality data. The available figures on income do not bear out the expectation that the

¹² Alfred R. Oxenfeldt, *New Firms and Free Enterprise* (Washington 1943) p. 123, note 9.

¹³ P. D. Converse, *Should I Start My Own Business?* (Urbana, Ill., 1945) p. 4.

¹⁴ "Problems of Small Business" (cited above) page xix.

¹⁵ *Ibid.*, pp. 20-25.

¹⁶ See "How Long Do Retail and Wholesale Establishments Tend to Survive?" U. S. Department of Commerce, *Economic Series*, no. 54 (1945).

¹⁷ "Problems of Small Business" (cited above) p. 31.

standard of living of the small entrepreneur will deteriorate; the indications are that the small entrepreneur is holding his own. The figures do show, however, that, contrary to a rather popular notion, the small businessman is not much better off economically than the employee. On the average, what the small businessman earns is about equivalent to the income of clerical and managerial employees of a similar educational and occupational level.¹⁸

In general, then, we can conclude that the existence of several million small business enterprises will be a fairly permanent feature of our society, but that one must be wary of interpreting the persistence of small business as a group as indicative of the health and stability of the individual small enterprise.

III

Apart from their purely economic aspects the statistics on business turnover have some rather interesting sociological implications. A close look at the previously quoted statistics compiled by Dun and Bradstreet reveals a remarkable stability in the business turnover rate. The rate has been consistently high over the last fifty years, and while variations occur with the business cycle, no long-term increase or decrease is apparent.

We also have a few clues from investigations of business in Boston and Worcester, Massachusetts, during the 1840's, which suggest that the failure rate has always been high. For example, of 56 retail firms doing business in Worcester in 1845, one-fifth suspended operations within five years, two-fifths within ten years, and three-fifths within fifteen years.¹⁹ Other estimates from the latter half of

¹⁸ See "Small Business Wants Old-Age Security," *Senate Committee Print*, no. 17, 78th Congress, 1st Session, pp. 7-9, 31. See also National Resources Committee, *Consumer Incomes in the United States 1935-36* (Washington 1938) p. 26; M. Leven, A. G. Moulton, and C. Warburton, *America's Capacity to Consume*, Brookings Institution (Washington 1934) p. 214; Dun and Bradstreet, *Ratios for Retailing* (New York 1940) pp. 166-70; A. J. Altmeyer, "How Security Can Help the Small Business Man," in *Domestic Commerce*, vol. 34, no. 3 (March 1946) pp. 5-6; U. S. Bureau of Agricultural Economics, *National Survey of Liquid Asset Holdings, Spending and Saving* (Washington 1946).

¹⁹ Paul H. Nystrom, *Economics of Retailing*, 3rd ed. (New York 1930) pp. 398-400.

the nineteenth century also indicate that a high business turnover is not at all a new phenomenon.

If we now consider the long-term consistency of the turnover rate in conjunction with the long-term trends of the occupational distribution of the population, we find that the traditional American dream of the "independent producer" appears in a somewhat new light. Referring again to the figures provided by Spurgeon Bell, who estimates that there were 1.2 million business entrepreneurs in 1880 when we had a total population of 50 million, and that the entrepreneurs numbered 3.4 million in 1939 when the total population was approximately 131 million, we find that the proportion has remained practically constant during the past sixty years. In 1880, 2.4 percent of the total population were entrepreneurs; in 1939 the proportion was 2.6 percent.

What these data seem to indicate is that possibly the proportion of independent businessmen among the population has never been much larger than it is now, and the difficulties of entering and staying in business may not have been so much smaller in the past as is often believed. It would also appear that the Jeffersonian ideal of the small independent producer, which was grounded in the social reality of a century ago, referred to the farmer rather than to the small manufacturer or merchant. The proportion of farmers among the population of this country has shrunk drastically during the last hundred years. Much of that shrinkage had already occurred before 1880, but even between 1880 and 1939 the proportion of farmers, excluding unpaid family workers on the farm, declined from 8.5 percent to 5 percent of the population, which amounts to a shrinkage of more than 40 percent.²⁰ Thus if the opportunity to become an independent producer has lost much of its factual basis, this has occurred in farming rather than in business. It would be interesting and revealing to discover when, how, and why the change in ideology occurred that substituted the businessman for the Jeffersonian ideal of the agricultural producer. In any case, the hypothesis may be ventured that not only does the

²⁰ Bell, *op. cit.*, pp. 9-10, 211-17.

traditional belief in universal opportunities to establish a business and to stay in business need very considerable modification in the light of conditions today, but that the opportunities to be in business were perhaps never as prevalent as is commonly believed. Moreover, from estimates made at various times during the nineteenth century, which claim emphatically that only a very small percentage of the men that went into business really succeeded,²¹ one may also doubt very much whether the chances of "starting small and becoming big" were really so much greater in earlier years, as is widely asserted. Business success in a big way has probably never been the rule, but always the exception. We do not, however, have sufficient data to permit any valid conclusions whether there has been any significant change in opportunities for expanding small enterprises.

If in terms of economic survival, standard of living, and opportunity to establish a business, much less change has occurred in small business than is frequently assumed, the social position of small business as an institution, and the social position of the individual small businessman, have both undergone very decisive changes. Such commercial and industrial activity as there was in the preindustrial era was generally small in scale. But with the development of the factory system and its machine processes, which have brought about a continually expanding industrial production and which have made possible numerous attempts to gain monopolistic control of many specific industries, the output of small producers, once the dominant economic factor, has receded into the background. The emergence of modern technology with its mass-production and mass-distribution methods has resulted in a trend of ever-growing economic concentration — "the most familiar commonplace of recent economic history."²² For more than fifty years this trend has been the subject of great public concern in this country. It is impossible to expatiate here on the vast body of material on economic concentration which proves beyond doubt that espe-

²¹ Nystrom, *op. cit.*, pp. 398-400.

²² R. H. Tawney, *Equality* (London 1931) p. 233.

cially in mining, manufacturing, public utilities, and transportation, the share of small business has become insignificant. There are more than enough data to demonstrate conclusively that this economic concentration has been increasing steadily since before the first world war.²³

The position of small business relative to that of big business can be clarified by certain figures. Since, according to the Department of Commerce definition of what constitutes small business, 92.5 percent of all the business establishments enumerated in the 1939 Census of Manufactures and Business were small business, only 7.5 percent were larger, or for the purpose here at hand, big business. But this 7.5 percent accounted for no less than 65.9 percent of the total output value of all the establishments.²⁴ The relative positions of small and big business vary widely from industry to industry. The share of small business ranged from 65.5 percent of all net receipts in service trades to 21.1 percent of the net sales of all wholesale establishments. In manufacturing, small business accounted for 30.6 percent of the total output value, and in retailing for 42.4 percent of all net receipts. In each of these important fields more than 91 percent of all establishments were small.²⁵ In general, these figures give a truly impressive picture of the dominance of big business and of the high level of concentration attained in most fields before the second world war.

The second war accelerated this trend. Small business held its own during the war; its total volume increased considerably, and most firms not only survived the difficulties and shortages but operated very profitably. But big business grew rapidly at the same time and substantially increased its share in the nation's total economic activity. The available evidence, which cannot be gone into

²³ See National Resources Committee, *The Structure of the American Economy*, Pt. I (June 1939). See also Willard L. Thorp and Walter F. Crowder, "The Structure of Industry," T.N.E.C. Monograph no. 27 (1941); President's Message to Congress, April 20, 1938, 75th Congress, 3rd Session, Senate Document 173.

²⁴ Computed from 1939 Census of Manufactures and Business. See also Rudolph L. Weissman, *Small Business and Venture Capital* (New York 1945) p. 11.

²⁵ Computed from 1939 Census of Manufactures and Business.

here, shows that as a result of the war the relative position of small business has been further weakened. Moreover, the chances are that economic concentration will remain higher than it was before the war. Big business was able to achieve great improvements in production and in scientific research; it emerged from the war with great financial strength and liquid funds; it kept up its advertising throughout the war; and it is now acquiring the lion's share of the giant war-built technical plants.²⁶ There are no indications that this trend is abating. Whereas only fifty years ago small business was the dominant form of enterprise both in numbers and in volume of business, its share of total business volume today is relatively small in many important areas of our economy. "Thus we have the phenomenon of a larger number of small businesses competing for a smaller share of the total market. The trend has truly been for small business to become smaller and smaller, and for big business to become bigger and bigger."²⁷

IV

The quantitative effects of the concentration process are much less important than the qualitative changes which it has brought about in the structure of small business. Small business continues to provide a living for several million proprietors, but this group of proprietors is undergoing far-reaching changes in its social position. The locus of economic decisions, of initiative and energy is being shifted from numerous small centers to a relatively small number of large units, thereby affecting the entrepreneurial functions traditionally exercised by the small businessman. To an increasing extent these functions are being relinquished by the small businessman and transferred to the large units which dominate the scene. The freedom of action of small business has diminished. Though the influence of the large concerns varies from industry to

²⁶ See "Economic Concentration and World War II," Report of the Smaller War Plants Corporation to the Special Committee to Study Problems of American Small Business, 79th Congress, 2nd Session, Senate Document 206.

²⁷ Theodore N. Beckman, "Large Versus Small Business After the War," in *American Economic Review*, vol. 34, no. 1, Supplement (March 1944) p. 96.

industry, from case to case, quite generally the independence of the small enterprise is declining.

The domination by big business takes widely varying forms, ranging all the way from the most unobtrusive forms of leadership in some areas to the complete subordination of small enterprises in others. One of the mildest practices, and at the same time the most prevalent, is price leadership, where in a wholly informal way one or two of the largest producers in a specific industry set the prices which are then invariably adhered to by all other producers in the industry.²⁸ There are, however, many other more palpable devices by which large business enterprises exercise control over the smaller ones. Many small retail businesses are constantly in a state of financial dependence on wholesalers or manufacturers who extend them credit. To mention only one actual example, when the well-known drug concern of McKesson & Robbins failed, it came to light that through a system of job-lot selling on long-term contracts the firm had been able to force increasing numbers of retail drug outlets into a position of almost complete financial dependence. It was estimated that in San Francisco alone, calling in of outstanding obligations to the defunct concern would immediately have bankrupted about 40 percent of the retail druggists in that city.²⁹

Other common devices are exclusive dealing contracts and full-line forcing. How this mechanism works is well illustrated by the case of the automobile dealer.³⁰ In many respects the car dealer is typical of the "independent" small businessman. His capital investment is rarely less than \$15,000, often much higher. Legally, the car dealer is completely independent. He buys outright from the manufacturer and pays cash; he hires his own labor, leases his

²⁸ See Clair Wilcox, "Competition and Monopoly in American Industry," T.N.E.C. Monograph no. 21 (1941). See also National Resources Committee, "The Structure of the American Economy" (cited above).

²⁹ Robert A. Brady, *Business as a System of Power* (New York 1943) p. 232, note 16.

³⁰ See Mark Adams, "The Automobile — A Luxury Becomes a Necessity," in Walton Hamilton, *Price and Price Policies* (New York 1938) pp. 69-71, and Peter F. Drucker, *The Concept of the Corporation* (New York 1946) pp. 98-114.

place of business, and buys his equipment. In actual fact, however, he is almost completely subordinate to the car manufacturer. Under the terms of his contract with the manufacturer, the manufacturer sets the retail price for the car which the dealer has bought outright, and quotes this price to the public in national advertising. The dealer's place of business must meet the approval of the factory representative; the manufacturer chooses and the dealer pays. The prices he charges for repairs, the costs he incurs for parts and equipment, the stocks he is required to keep on hand, are all specified by the factory. Even his bookkeeping system is standardized so that the manufacturer may keep himself adequately informed about conditions in the field. And most important of all, the contract itself, or the franchise, as it is called, can be canceled at will by the manufacturer, on short notice and without statement of cause. The independence of the dealer is purely nominal; it is a legal fiction, for the dealer's position is that of a salesman on commission.

The many other devices by which conscious controls are exercised cannot be described here. But even where none of these power devices are used, the small businessman is deprived of many of his former functions. In many lines of retailing the merchant traditionally exercised a selective function. Knowing the quality of his goods the local retailer could, and often did, act as a guide for the consumer. He was also an independent taker or leaver of goods and thereby exercised some control over the manufacturer. But with the advent of mass production, the manufacturers and wholesalers jumped over the heads of the retailers with direct appeals to the public. National advertising, branding, labeling, and prepackaging of goods has reduced the retailer's function in many lines to wrapping the merchandise he is forced to stock by national advertising, and to making change — routine work that requires little initiative. Owing to complex technological advances, he is no longer in a position to know the distinctive quality of each of the many items he carries. He certainly is under no temptation to extol the virtues of his goods; the labels will do that for him.³¹ Thus the

³¹ See Max Radin, *Lawful Pursuit of Gain* (Boston and New York 1931) p. 56.

small retailer's area of discrimination is sharply decreased; his main function becomes that of promoting, and sometimes even of substituting and switching. In many fields, he has become a mere tool in the hands of the manufacturer or wholesaler, the final appendage of the large producer.

Nor is this development confined to retailing. In manufacturing, as well, we have the whole gamut of dependence of small producers on big concerns. Ostensibly and legally independent, the small manufacturer, by virtue of an integrated technology, is frequently no more than a subsidiary of one big customer who originates all policies that affect him and from whom stems most of the direction and initiative. Wherever subcontracting is practiced, the actual function of the small manufacturer tends to become that of the manager of a branch plant. Varying degrees of control over the small manufacturer are exercised not only by large manufacturers but also by large distributors, who often contract for the entire output of a small producer.

The trend has been well summed up in a speech delivered by a vice-president of Sears, Roebuck and Co. a few years ago: "We are developing two parallel systems, each having its place in the total economy of the country. On the one hand, the dominant large manufacturers with their own branded lines, distributing their products through thousands of independent dealers; on the other hand, the mass distributor with his many and various branded lines, buying each of these lines from smaller manufacturers. In each case, the production of the goods is in the factory and the retail sale to the public is in a store. But in one case the manufacturer determines the character of the product, *i.e.*, its design, quality, price and production schedules; while in the other case these functions are assumed by the mass distributor . . ." ³²

To appreciate the full significance of such a statement, which is couched in economic terms, we must translate it into sociological

³² Address of T. V. Houser before the New England Sales Managers Conference, January 8, 1943, quoted by Edwin G. Nourse, *Price Making in a Democracy*, Brookings Institution (Washington 1944) p. 427.

and psychological language. Viewed sociologically, it appears that although the speed of the process varies greatly from industry to industry it is nevertheless true that most of small business is losing its independence. Small businessmen as a group are losing the top position in the social hierarchy which was formerly theirs; they are being supplanted by, and subordinated to, a small group of big business managers. Small business as a group, while economically stable, is socially mobile — and in a downward direction.

In terms of the power structure of our society, the declining independence of small business spells potential changes of whose far-reaching importance there is as yet insufficient general awareness. The one group in our society which is most conscious of the situation is organized big business, which is engaging in a tremendous advertising campaign to resell the American public on the tradition of the independent entrepreneur. Many millions of dollars are being spent by this group on institutional advertising³³ for the purpose of glossing over the deeper significance of the trend. In its effort to hide the shifts in the power structure, big business is drawing skilfully upon the national myths concerning small business, free competition, and universal opportunity. A definite social function is served by this renewed emphasis on the tradition: the traditional ideology is being used as a power device for purposes of social control. Those who are concerned about these developments need to realize clearly the sociological and political aspects of the matter. Mere economic patchwork will not reach the heart of the problem.

To grasp the full import of the decline of the entrepreneurial function, we must also consider its psychological aspects. Small business continues to exhibit the external trappings of entrepreneurial status, but to the individual small entrepreneur the progressive loss of entrepreneurial functions means an increasing

³³ See daily press reports on current developments, for example, the announcement by a joint committee of the Association of National Advertisers and the American Association of Advertising Agencies of a comprehensive campaign to "sell" the system of free enterprise, reported by the *New York Times*, April 18 and 24, 1947.

restriction of his freedom of action. His elbowroom is being narrowed down; his chance to exercise initiative, courage, and energy, which are the characteristics of true "enterprise," are diminishing. The small man's enterprise is being increasingly frustrated.

To gain an idea of how much damage this does to a society we may consider for a moment the motives and incentives which year after year prompt several hundred thousand individuals to establish themselves in business. There have been only sporadic investigations of the motives of new entrepreneurs, but any analysis of the available data shows that in addition to monetary incentives the quest for social status and prestige is a most important consideration.³⁴ Our culture stresses the prestige value of business ownership most articulately. It is therefore not surprising to find that many people crave business ownership as a means of showing their neighbors that they are getting ahead in the world. Actually, however, with genuine enterprise so blocked, this means that people are struggling for external symbols of "being enterprising," expressed in such irrelevant ways as running a store and having one's name on a neon sign. Every society needs to evoke all the possible socially constructive enterprise of its members. But it goes without saying that great social waste occurs when "enterprise" becomes a matter of externals and symbols, a means of achieving social status rather than an outlet for constructive energy.

It is in this context that the decline of the entrepreneurial function touches upon, and ties in with, the most basic problems of our industrial culture. In our pecuniary and emulative society, opportunity is interpreted almost exclusively in economic terms. In these terms the possibilities of acquiring the external symbols of business ownership are not significantly changed. But the chances to express one's personality are very definitely declining in small business. Though the small entrepreneur clings desperately to the status symbols of business ownership, it is a status devoid of opportunities

³⁴ See "Credit Extension and Business Failures," U. S. Department of Commerce, *Trade Information Bulletin*, no. 627 (1930). See also Edmund D. McGarry, *Mortality in Retail Trade* (Buffalo 1930) p. 75.

for self-fulfilment. Economic satisfactions cannot fully replace the vanishing social and psychological rewards. This loss of social identity and of genuine enterprise is the crucial problem of small business. It is, however, not peculiar to small business, for it is the major problem of industrial society as a whole.³⁵ The small businessman shares his predicament with the modern industrial worker, with the white-collar clerical employee, and even with the vast majority of corporation executives, all of whom have no chance to fulfil themselves as responsible personalities. That is why any genuine solution of the small business problem cannot be a particularistic solution; it can only come about through a general effort to solve the burning question of human dignity, of status and function in our industrial culture as a whole.

³⁵ Drucker, *op. cit.*, pp. 143-53.

KARL MANNHEIM

1893-1947

BY ALBERT SALOMON

I

KARL Mannheim's untimely death in January 1947 left mourning friends and students all over the world — old friends and new, Hungarian and German, French and Scandinavian, English and American, Chinese and East Indian, all of whom feel that this death is more than a personal loss. It touches our work as well as our emotions, for Karl Mannheim was a unique phenomenon in the academic world at large and in the field of sociology in particular.

To Mannheim, sociology was a way of life, a basic attitude, a science, and a synthetic philosophy. It was not merely one academic discipline among many which he selected as a career. For him it was a moral choice based on the conviction that only sociology could establish scientifically the conditions under which modern societies could most intelligently engage in the processes of adjustment. Like the Saint-Simonians and Comte he spoke in solemn and religious terms of the New World and the Third Way — states of relative perfection that would result from the application of sociological knowledge. Unable to believe in religious dogma and metaphysical *a prioris*, Mannheim, like Comte and Durkheim, felt that sociology could be made a way of salvation for modern mankind in an age of positive science.

Karl Mannheim was not a contemplative character. By nature he was a lover of humanity. His primary concern was to help individuals and society by assuming the role of the good physician who makes the correct diagnosis and prescribes the proper remedies for a cure. Not satisfied with the mere profession of noble sentiments and lofty ideals, he was firmly resolved to elaborate the social tech-

niques and conceptions that would make it possible to reconcile the antagonistic principles of socialism and freedom.

Mannheim regarded his dedication to the sociological way of liberation as his ultimate human obligation. Thus he dedicated himself totally, through the media of teaching and writing. His choice of an academic career was a genuine sacrifice, for he felt, as did Comte, that what he had to say went beyond the confines of institutions of learning. After he had settled on this career, he said to me briefly, "*Totum me dedi*" — a remark made half in jest, yet he never uttered a truer or more sincere phrase. His life became a sublime asceticism in the service of social progress through sociology. Sociology was Mannheim's obsession, an obsession that referred to the crisis of the modern world and to his firm conviction that sociological reasoning could help to prevent the catastrophe of Western civilization. He was obsessed by the vision of a possible synthesis between past and present as a final alternative to the total decay into irrational barbarism. This vision created the furor sociologicus in all the utterances of his humanitarian pathos. This furor was fascinating to some, annoying to others, but moving to all as the expression of a candid soul.

No one who had the privilege of being Mannheim's friend or student will ever forget the intensity and vitality of his personality, or the stirring moral and spiritual force that animated his conversations and lectures. But as the years pass there will be fewer and fewer men who had any personal contact with the charm and human warmth of this abundant creative life. We must therefore try to catch in the written word some record of that radiance, so that an experience which contributed so greatly to all of us may be preserved and kept alive.

II

Mannheim was born in Hungary of Jewish middle-class parents. At the time of his youth it was taken for granted in the Central European countries and in Russia that Jewish intellectuals could only be socialists. In Central Europe that meant to be Marxist.

Thus Mannheim moved in the group of Hungarian socialists of whom George Lukacs was the most outstanding member.

It may fairly be said that Lukacs was a constructive element in Mannheim's early development, exercising an influence in two different directions. For one thing, he demonstrated the general value of the sociological method in all fields of social and intellectual history. He showed Mannheim how it was possible to make refined and scientific sociological analyses of literature from the Marxian position, and in so doing he contributed greatly to Mannheim's later studies in the sociology of knowledge.

With regard to the second direction, Mannheim was deeply influenced by the development of Lukacs' theoretical Marxism. It must be emphasized that Marx remained the fundamental experience for Mannheim's thinking, and that although he transformed orthodox Marxism in the progress of his research, he never gave up the basis of economic and social variables in his theory of historicism. Originally, Lukacs had understood Marxism as a necessary element in an eschatological dialectics. Amid the calamities of capitalist societies, he regarded Marxism as the very device to remedy the organizational deficiencies and insecurities of industrial mankind. Only when total socialism had been established and external institutions had relieved the individual and collectivity of the lasting pressure of insecurity, would it be possible for liberated mankind to experience and understand that true suffering and genuine passion arise beyond the pale of social institutions. Then a new and genuine despair and humility might create a religious and eschatological renaissance. Lukacs withdrew from this position with his increasing understanding of Marx as the only serious philosophical genius who had completely grasped Hegel's idea of self-alienation. He illuminated the fateful transformation of Hegel that Marx performed when he transferred the redeeming function of philosophy to the social revolution.

It is indicative for the evolution of Mannheim's thought that he later accused Lukacs of a dogmatic and metaphysical historicism that would prevent him from recognizing the variability of the

determining factors. That Mannheim could make such a criticism was the result of his scientific approach to the problem. He admitted historicism as the lasting determination by a dynamic kaleidoscope of conditions among which the economic-technological remain preeminent; however, he stated the complex character of the social context.

In 1920 Mannheim went to Heidelberg. Here he continued revising his Marxist theories in the direction of relativistic historicism, under the influence of Emil Lederer and Max Weber. Lederer had transformed the notion of the forces of production into the formula of the "whole of the social context," which meant that the forces of production included social habits, value attitudes, and their legal and political realities as independent of, although interdependent with, economic processes. Max Weber left his sociological work unfinished and fragmentary, without even clarifying his own thinking with regard to the articulate character of sociology as an independent discipline. He died without giving his students any direction how to proceed in elaborating sociology as a science with its own problems, specific content, and definite scope. Thus Mannheim felt that it was his duty to systematize and integrate Weber's suggestions, ideas, and methodological principles in order to put forth convincingly the claims of sociology. He wanted to demonstrate that sociology has systematic unity and cohesion, and a range of research problems whose solution could contribute to the elimination of social frictions and conflicts, and he hoped to serve this purpose in a very specific way.

Influenced by Lederer's relativistic Marxism and Weber's radical historicism, Mannheim transformed Marx's sociological debunking of all social modes of thinking from the absolute stand of his own dogmatism into a sociology of knowledge in which all positions are relative to their specific situation and perspectives. The result of these studies was his book *Ideology and Utopia*. The book was a tremendous success with progressive groups, but was severely criticized by philosophers as confounding the issues of contemplation and politics. It was also attacked by those who were

of the opinion that scholars should destroy convictions and values only when they are able to build a new world to take their place. In any case, publication of the book brought Mannheim not only the offer of the only full professorship in sociology in Germany — the chair of the liberal Franz Oppenheimer in Frankfurt — but also, after Hitler came to power, invitations to teach in other countries. He eventually accepted a lectureship at the London School of Economics — a decision of great importance for the development of his work after 1933, in particular, his books *Man and Society in the Age of Reconstruction* and *Diagnosis of Our Time*. In 1945 he was appointed to the chair of sociology of education in the University of London, as successor to Sir Fred Clarke.

His radio addresses, his educational papers, and his activity as editor of the "International Library of Sociology and Social Reconstruction" testify to his new social experiences and new responsibilities, which were, as he himself noted, both theoretical and political. They were efforts to enlighten the English people in a prewar and war situation with regard to the social and psychological conditions for the survival of democracy in a totalitarian world. They were attempts to convince English society that universal planning in all spheres of life was the required prescription for maintaining freedom in a world that would be largely totalitarian. For this reason, Mannheim's last books refer to planning for freedom and education for freedom as the most urgent goals of a sociologist. Thus, during the last twelve years of his life Mannheim made his humanitarianism articulate and concrete. In the most literal sense he dedicated his life to the rise of a socialist England that would maintain her liberal heritage, and he demonstrated his allegiance to England by serving as her guide and educator. He was as much admired and loved in that country as he had been in Germany, and students flocked to his classes from all parts of the world. England, so proud of her academic traditions and so scrupulously careful about accepting new disciplines, was won by the fervor, the enthusiasm, and the sincerity of his personality.

In the light of Mannheim's work in England, his choice of the

London post appears logical and inevitable. Here he was able to dedicate himself to a task that called for the application of his sociological findings on the fateful social evolution toward reconciliation of the traditions of political freedom with the trends toward planning. He found complete satisfaction in contributing to the necessary synthesis of liberal and social democracies, and he wanted no other merit in an age suspended between revolution and reform.

III

Mannheim's work is marked by three distinguishing features: first, the effort to systematize sociology as a discipline; second, the sociology of knowledge; and finally, the attempts to identify education and sociology. In describing the place of sociology in the universe of learning, he provided the most thorough presentation of a curriculum in sociology. It implies, however, the inevitable temptation to transform the empirical science into a basic science which is a synthesis of all specialized sciences. As a synthesis, it takes over the function of philosophy and thus assumes the ambivalence that has always been implied in modern sociology.

Mannheim began with the analysis of sociology as a special science subdivided in three different branches. The first was *general sociology* or a theory of social invariables which aims to discover in the variability of social phenomena those basic elements that constitute the structure of society. In this connection Mannheim described Simmel's theory of social invariables. These invariables occur at all times and in all places and on all social levels. All social scientists, including historians and anthropologists, need such fundamental concepts, for these alone make it possible to explain and to understand individual and specific deviations from general types of conduct and of institutions.

It seemed essential to Mannheim to check the possible errors of such formal science with the specific requirements of the historical process. Therefore he calls the second branch *comparative sociology*, which is what we would call historical sociology. It supple-

ments the phenomenological description and the analysis of abstract general social phenomena with a theory which explains how such general types of relationships and institutions vary under the impact of changing historical conditions.

On the basis of the historical and formal sociologies Mannheim established *structural sociology* as the branch that elucidates the specific interdependence of social forces which integrate the interacting areas of society. Structural sociology actually explains consensus as the unity in social variety, the productive coexistence of different planes of living and of social action. It consists of two parts: statics and dynamics. The former deals with the problem of the equilibrium of all social forces in a given social structure, the latter with the elements which are antagonistic to each other and tend to disrupt society. This is the theory of social change, or of social equilibrium and disequilibrium.

Mannheim further postulated sociology as the theory of the context of social-cultural processes: sociology of culture. This was to be the substitute for the philosophies of history with their abstract hypotheses. It was to be the concrete analysis of the historical process on its different levels in their precarious coexistence. Mannheim also added a special division which should be concerned with the sociologies of the various disciplines of civilization such as law, art, language, literature, knowledge. According to Mannheim these disciplines would disappear as soon as they had accepted sociological methods as indispensable tools for their own research. And finally, he described practical sociology as social work, social institutions, and social statistics, all of them necessary fields of applied research.

Mannheim assumed that sociology is both a scientific theory and a method with a definite function in a world of transition. It transcends itself in two directions. First, it tends toward social transformation under the impact of Marxism; second, it points toward philosophy and philosophical anthropology, a trend implied in the results of sociological analyses of societal relationships. This assumption clarifies the coexistence of the various stages of the

historical development of sociology in Mannheim's thinking. He saw sociology's historical function as the rationalized manifestation of a time of revolution and reform; he was, however, not satisfied with ascribing sociology's modest and humble contribution to philosophy. True to the Comtean tradition, he made sociology transcend itself into philosophy. This *metabasis eis allo genos* resulted from his conviction that sociology had become a tool of amplification of mind and soul, and could therefore reexamine all past claims of absolute validity and final truth in science and philosophy.

Herein lie the roots of Mannheim's sociology of knowledge, which was first presented in *Ideology and Utopia*. Mannheim felt that he had succeeded in abolishing, once and for all, the claims of absolute validity for all kinds of thinking by discovering the social conditions under which the specific ways of reasoning and of evaluating came into existence. He was proud of having established scientifically the limitations of value judgments that resulted from the social perspectives of human thinking. Applying the method he reexamined the conditions of his own relativistic thinking and analyzed the perspectives of his own conceptions.

It was Mannheim's sincere conviction that sociological analysis, like psychoanalysis, could make us free of irrational pressure. And of all the devices of sociology, the sociology of knowledge, in particular, he felt, would point out the irrational attitudes which prevent or support our adjustment to the social process. He stated frequently, however, that his debunking was not destruction. Its intention, rather, was to teach us to live in truth and to be able to stand the terrors of reality.

Mannheim's historical position is best illustrated by comparison. During the eighteenth century, debunking was as fashionable as it was in Mannheim's sociological age. But there was one major difference. Fontenelle wrote the *Origins of Fables* in order to reveal the various obstacles to the progress of reason and scientific intelligence. He presented a sociology of knowledge of a quite different type, by showing how ignorance, inertia, and irrational passions

contributed to establishing myth and constructing religion, and thus prevented the progress of enlightening reason. Such analyses could be made because the author was using the criterion of truth as verified by reason. Reason would make possible a new harmony and unification in human communications after the fables had been recognized as residua of prerational and instinctive drives to explain and understand the meaning of nature.

Mannheim, on the other hand, was not able to rebuild the worlds he destroyed. Sociology of knowledge as a theory of ideologies does not provide a new basis of communication that will make understanding possible among members of stratified societies. It leaves the social universe a chaos of antagonistic irrationalities which cannot even agree on the place and moment of the social process to which they should adjust. Mannheim could never understand the validity of the reproach that his sociological relativism was sociological imperialism and, in the final analysis, nihilistic.

In *Ideology and Utopia* Mannheim hinted at his concern for social reform, but in his later books the political, social, and moral problems of the survival of democracy and freedom are the focusing constituents of his inquiries. He was mainly interested in illuminating the trends that render planning on all levels and in all spheres of contemporary technological mass societies inevitable. In his opinion, there could be no freedom without planning, and no planning without freedom if Western civilization was to survive.

Mannheim presented his ideas on the modern crisis in a variety of studies. One element of catastrophe, according to him, resided in the general and social disproportionality of modern society, especially in the unequal distribution of rational and irrational faculties in individual and society. He emphasized, however, that progress of rationality, progress in control of passions, and progress in social morality never depend on individuals, but on conditions and problems imposed by social structures.

Since he considered basic democratization and universal interdependence characteristic features of the modern era, Mannheim entertained a modest degree of hope for the future. It was his con-

viction that in an age of such interdependence no part could gain any advantage by exploiting the remaining parts of the whole. And he trusted that understanding and compromise would be recognized as indispensable in a world of universal interaction.

Radical and penetrating research led Mannheim to believe that, at this moment of history, sociology and education are merging, that the problems of education are sociological and sociopsychological at all stages of human development. He stated, therefore, that the sociologist could contribute greatly to the postulates of the times, since he was able to make clear the interdependence of all social strata and to demonstrate the inescapable trends of universal democratization and of new homogeneities in the age of total technology. He hoped that wise planning would be made possible through the use of sociology, behaviorism, and psychoanalysis. In such a constellation, sociology would be the integrating element, because the social process has its own laws, its rules of adjustment, and its requirements with regard to valuations, techniques, and inventions. It is a mechanism that comprehends the whole life of man as individual and socius; it is scientifically intelligible and can be explained.

Mannheim's concept of planning as the construction of a frame of reference for social conduct is quite distinct from totalitarian planning, which manipulates man and society for the benefit of an abstract state or social machine. His notions imply quite different goals. He was mistaken when he said that his categories were formal, for they are formal only on the surface. They have specific content and value implications. For example, his category of planning is directed toward the goal of liberating man and society, a goal that presupposes a concept of human dignity as revealed by the individual's potential spontaneity of thought and action. By the same token he was wrong in stating that planning is limited by the biological facts of heredity and individuality. It finds its limits because spontaneous productivity of group and individual as a social value can only be conditioned, not manipulated.

Mannheim was not aware that his idea of merging sociology and

education was in the tradition of early sociologists from 1829 on. But his formulation with regard to sociology as education for freedom is challenging. There have been educators for freedom who were sociologists in a sense that was antagonistic to Mannheim's. Erasmus, for example, took a stand which is opposed to Mannheim's but is still sociological. In the "Apology" to the *Colloquies* he stated explicitly that the most effective way to educate children was to demonstrate the conditions under which men fail to live up to the required standards and fall into error and vice. Erasmus knew that the social and moral goods could be understood by reason and spiritual intelligence. Nevertheless most people do not behave as they should. Erasmus constructed most of the plots in the *Colloquies* around the idea that vested interests, uncontrolled passions, senseless traditions and habits prevent people from living according to the rules of equity and righteousness. He prepared the way for sociology as a science that explains error and frustration as determined by the concatenation of solid circumstances, even though at the same time truth and value are intelligible to human reason. Such a science has objectivity and evidence, because we know from philosophy the principles of the good life as citizen, socius, friend, lover. Thus we are able to explain human error and failures as deviations from enlightened reason that are the result of the context of social conditions. This is sociology as strict science.

Mannheim would have violently rejected such definitions of sociology. He refused to grant independence to philosophy and he classified as "idealism" all types of philosophy that could not be subsumed to pragmatism or behaviorism. His sociology is science, philosophy, and theory of social salvation according to the works of Comte and Marx, and he offered this synthetic basic science as a substitute for philosophy. He frequently rejected criticism on this score, but he never stated what should be left to philosophy after he had demonstrated that all ontological positions are partial ideologies. As a synthetic effort sociology implied claims for relatively final knowledge as relative to the respective situations. This was sociologism, the revolutionary imperialism of a genuine science,

the expression of a revolutionary situation that had prevailed since Comte and Marx, who laid the ground for totalitarianism in their sociological systems. Mannheim could not liberate himself from this fateful tradition of sociology, although his drive was in quite the opposite direction.

Mannheim served sociology well by elaborating the thesis that the social process is largely determined, and can be explained, by its mechanisms. Social life, however, is more comprehensive and complex than the most subtle mechanism of biological and social processes. There are attitudes, ideas, sentiments that transcend the processes of adjustment and cannot be explained as survival values.

It seems to be the fatal mistake of the revolutionary types of sociology to rule out the clear and distinct features of sociology as a science. It is perfectly fair that the sociologist should deal with opinions, valuations, tastes, and all activities of society. But the sociologist is wrong when he identifies opinions with knowledge, valuations with values, beliefs with religion, tastes with beauty.

There is no sociology of knowledge, but of error; there is no sociology of religion, but of pseudoreligion and irreligion; there is no sociology of aesthetics, but of fashions and tastes. Sociologists who consciously confound essences and functions, principles and acts, renounce philosophy in favor of sociology as universal science. Such sociologism is based on the anthropological hypotheses that man is *homo faber*. Both are sufficient to make the social mechanism work for social equilibrium. Such presuppositions, however, do not suffice for introducing the metaphysical and spiritual values into the sociological system. Nor are they capable of motivating the principles of freedom and human dignity which remain the goal of Mannheim's sociological theory of planning. Neither sociological nor psychological techniques of planning are of any avail if they do not create a frame of reference in which living and dying have some meaning.

Mannheim was worried by this dilemma and strove to eliminate the antagonism, but was partly inhibited from reaching a final solution by his touching belief in progress and human intelligence.

Imbued with the messianic attitude of the revolutionary sociologists, he was far more naive than he imagined the men of the Enlightenment to have been. They knew the modest effect that philosophical and scientific reason exert on the social process with its human prejudices, convictions, and interests. And because of this sober and disillusioned knowledge, they were able to see what progress reason could make in the endless chain of philosophical contemplation. It is naive to believe that a sociologist can persuade collective institutions by scientific reasoning that monopolistic control no longer pays in an age of interdependence. It is a grim and vain hope on the part of the sociologist when in the face of all indications to the contrary he believes that fear of catastrophe will prevent war and conflagration.

Mannheim was the victim of his sociology when he attempted to develop it further, and when he dealt with the fundamentals for which democracy should fight in order to realize a liberal and planned society after the war. Most conspicuous was his failure to overcome the sociologistic fallacy when he attacked religious values. It is moving to see how he struggled with the reality of spiritual principles and how he attempted to coordinate these principles with sociological categories of mass experience. He failed because he was unwilling to recognize religion as a primary phenomenon that we cannot conceive of as sociological. Here he had to fail because he deprived all spiritual and intellectual phenomena of their original character and forced them into a sociological functionalism. By so doing he renounced any knowledge of archetypes and of primary phenomena. This is the inevitable fallacy of a scientific philosophy that reduces all phenomena to their functional position in the social process and that objects to any other explanation as unscientific. And in this we recognize the permanent limitation of Mannheim's work, which is suggestive and constructive in so many other aspects of sociological research.

Mannheim's attitude toward history was as ambivalent as his attitude toward sociology and philosophy. He knew that vested interests, inertia, and passions have always ruled societies and that

there is no progress whatever in social conduct, but he did not want to know the truth about history. He clung to the philosophy of progress as a necessary element of sociology, and historicism permitted him to maintain this stand. Actual history had no reality in his mind. For him history started with Marx and modern evolution. He never mentioned that many of his requirements for historical sociology and the sociologies of art, politics, literature, and ideas had been met by historians of the past and scholars of the humanities. He did not see that sociology as a method had been at work and had been cautiously applied by historians of philosophy and of ideas, particularly in the American scene.

IV

The analysis of Mannheim's work has led us into a critical appreciation of his ideas and methods. It would be misleading, however, to interpret such criticism as a negative evaluation. Mannheim himself was too passionate a scholar not to be more satisfied with critical arguments than with flattering agreement. He can no longer answer any strictures. For this reason I would like to state explicitly that I have penned these remarks out of a sense of the deepest friendship and gratitude. I, for one, would never have reconsidered the fundamentals of sociology if Mannheim had not stimulated the humanistic return to the roots of things themselves. His radical and violent dedication to the problems of sociology made it possible to reexamine the basic notions and problems of our science. His pioneering helped us to liberate ourselves from the bondage of sociologism. His moral and scientific sincerity set the standards for future inquiries. There is no better and no more affectionate way of expressing old friendship and enduring loyalty than by a frank description of deviating conclusions.

We may perhaps ponder on what final conclusions Mannheim himself would have reached had not death cut short his work, for he was so keenly aware that moral and spiritual values have a social reality that cannot be reduced to ideologies. During his life in England he recognized that brotherhood, clemency, moderation,

wisdom, justice, disinterestedness — in a word, spiritual and moral goods — penetrate the life of society and integrate societal relationships under the almost unbearable tensions of a prewar and war-torn period. He could not fail to see that the dynamics of social mechanism does not permit the irruption of such values into the system of survival and adjustment values. Thus in his last book we find notes on such topics as "creative adjustment" and "give-and-take," which point toward fresh intention and effort to integrate the new insights into the system of social mechanisms. Pressed from all sides to solve the problems of values in a scientific world, he would have found a solution.

Karl Mannheim's dedication to the basic social problems of the critical times in which he lived remains a matter of moral greatness; his historical limitations are his theoretical tools.

Karl Mannheim was a child of his time and the product of his personal virtue. As Goethe rightly said when reflecting on the death of friends and fellow scholars: "We all suffer from life. Who could dare to take to account and pass judgment upon our departed friends but God? Those who remain should be concerned with their accomplishments, not with their deficiencies. We recognize the general member of the species by his faults, the individual by his merits. Failures and limitations are the common lot of men. Virtue and humanity are the individual's property and merit."

COMMENT ON "DENAZIFICATION"

I HAVE read with great interest the letter on denazification published in the March issue of *Social Research*. I hope it will not be considered improper if I venture to comment on it. Familiarity with the issue during more than a year's service with the Legal Division of American Military Government in Germany may seem a sufficient qualification.

Evidently the letter was written by a cultured man with considerable experience and with sensitiveness for both the immediate and the more remote problems of denazification so closely connected with the hoped-for creation of a democratic Germany. It is well reasoned and even better argued; yet valuable as it is as a contribution by a well-intentioned German to a tremendously complex issue, it contains, together with numerous objectively correct statements, many subjective elements — subjective to the point of self-delusion, which is not uncommon among anti-Nazi Germans.

The writer seems to believe, and to regret, that the occupation authorities, when moving in after unconditional surrender, prevented the outraged German people from engaging in a revolution, which, by way of automatic combustion, would have eliminated the arch-criminals among the Nazis and might thereby have purged German social and political life for good. This assumption — with which I am familiar enough, since it was the greatest surprise and even disappointment to the occupying forces that it did not materialize — is not verified by the facts nor is it factually verifiable. Allen W. Dulles' recent book on the German resistance movement, *Germany's Underground* (New York 1947), is wholly misleading. Resistance became articulate only after the war had been completely lost; moreover, it was an army undertaking, without basis in the people. If after "liberation" the Germans, or the Germans in an individual village or town, had risen in righteous wrath and taken justice into their own hands, as happened in most countries occupied by the Nazis, the military commander would have looked the other way and let nature take its course. Not a single case of such spontaneous revolutionary justice has been recorded. The Germans are congenitally unfit for revolution, even on the minor scale of a village vendetta against the tormentors of the community whom everybody knew and to find whom no *Fragebogen* was required. Not even acts of individual vengeance took place, and the lists drawn up for meting out justice remained exactly what they were, namely, so many scraps of paper. Such acts of spontaneous vengeance would have been a healthy sign; they were expected and

would have been condoned by the American Military Government, but they just did not occur.

The writer dwells repeatedly on the controversial issue of collective guilt. On this score the people at home, after more than three years of fighting against the Nazi Leviathan, sinned more than the occupation troops. No responsible person in military government even mentioned the issue in my presence, because measured by the realities of an utterly vanquished people it was wholly irrelevant and academic. In practice, one tried to distinguish between decent people and scoundrels, as best as one could; there were enough decent people among those with whom military government came into official contact to dissipate the unreal concept of collective guilt. But among the German anti-Nazis the notion created a curious reaction which the psychologist might try to explain: they believed that those who were not Nazis, and those not implicated in the Nazi outrages should, as a compensation, fare better economically, and that they were entitled to discriminatory treatment. Therein lies another of the almost ineradicable self-delusions of the Germans, even the best of them.

How could we distinguish between non-Nazis and Nazis except on the basis of general criteria, mechanical and unsatisfactory as they may have been? Without a bureaucratic procedure, whatever its technique, it was impossible to establish the political antecedents of a person. One could not go by "intuition" or on the word of the person in question. Hence the innocent had to suffer with the guilty, a fact that weighed heavily on the minds of the more responsible military government officials who wished nothing more sincerely than to alleviate the economic lot of those who found themselves in the same misery the really guilty had so fully deserved.

I hold no brief for the American denazification policy and have been critical of it on various occasions both during my service, within the limits of my duty to obey orders, and since my return from Germany last fall. In particular I was opposed to the premature transfer of the denazification procedure to the Germans because I foresaw most of its negative results. It seemed to me psychologically impossible for the Germans to condemn today what they had accepted as legal and utterly desirable only yesterday. The argument submitted by your correspondent, to the effect that the law of March 5, 1946, is retroactive, is beside the point and has nothing to do with the *Rechtsstaat*. The act is no substitute for a criminal procedure, but a self-purging measure of an administrative nature, with sanctions attached to it, to be sure.

But apparently American Military Government had no choice but

to transfer the denazification to the Germans. We had not enough personnel to do it ourselves, even if we had confined ourselves to certain relevant categories and let the small fry go. Nor were we able to cope with the glib and persuasive technique of the Germans in absolving themselves, which your writer so aptly describes. But since the denazification boards are manned primarily by judges and public prosecutors recommended by the four political parties, and since each party leans over backward for the sake of getting votes, it was clear from the beginning that the German tribunals could not, and would not, fulfil expectations, even if there had been fewer cases and the procedure had been less legalistic.

The question of the date of entry into the party, which we styled, with subsequent common acceptance, the "vintage" principle, has occupied military government much more than your correspondent is in a position to know. It is highly arbitrary and has inflicted many injustices. I, for one, preferred an honest cutthroat who had joined the party before 1933 to the "March violets" of 1933 and the contemptible bandwagon climbers of 1941, when the military successes made the regime seemingly unconquerable and permanent. We were aware of the plight of the mail carrier with six kids. But once again the facts are somewhat different. There were Germans in official positions who resisted pressure and refused to join the party; they chose to resign and be pensioned off rather than continue in service under the regime. They were few — too few, I concede — but they existed. And the Germans knew that a person who resigned was neither put in a concentration camp nor even required to forfeit his pension; he just walked out. Since there were such people who remained unmolested, the Germans knew that there was a way out. For example, in the Landgericht Munich I, one of the most important courts in Bavaria, the office of the public prosecutor, as late as 1945, had among its leading officials several who were not members. I admit that it is a fundamental right of a man not to be a hero. But the fact that a person of integrity loaned his name, for selfish and opportunistic reasons, to a party which he now professes to have despised all the time contributed to entrenching the regime, and Hitler could justly boast that he had the entire people, with few exceptions, behind him. If the mechanical yardstick of the "vintage" principle has brought injustice on the individual who joined the party without being a Nazi, the inconveniences he is now exposed to — the German boards cleared him in due course — may seem a light penalty for what he did by joining without conviction. Had there been mass resignations of university professors, civil servants,

judges, in 1933, or even in 1937 when the Public Officials Act was enacted, perhaps the regime would not have lasted, or at least we would have found more people whom we could trust implicitly. It is an old German proverb: "*Wer den guten Tropfen hat, hat auch den bösen.*"

The mandatory removal, arrest, and nonemployment categories, heritage of the SHAEF period when we knew next to nothing of the psychological situation inside Germany, were clumsily drawn and, in practical application, revealed a deplorable ignorance of actual conditions. I would be the last to deny it. For example, persons who had held certain offices on January 30, 1933, were included. This was palpably stupid, since the infiltration of the civil service and the courts by Nazi adherents or sympathizers could not have started before March 5, 1933. It took some of the military government officials, who knew the elementary facts of recent German history, months of hard labor to have the directive amended to the effect that the crucial date was, at the earliest, after the accession of the Nazis to full power. But considering the gigantic task of handling a revolution by administrative processes, such mistakes were understandable though not excusable.

What caused the most painful surprise to responsible military government officials, who hoped that the Germans had acquired in the crucible of the Nazi nightmare a proper sense of introspective justice, was the fact that the German courts, even after the admittedly acute initial manpower shortage had been relieved, failed to prosecute vigorously the real Nazi criminals by the ordinary procedures under common criminal law. The military government furnished the legislative bases for such prosecutions by two laws enacted in our zone, whereby legal technicalities such as the statute of limitations or the *ne bis idem* maxim were neutralized. From the liberal point of view these laws — and others — were not very pretty. But how can you deal with a revolution except by revolutionary means? The German courts, however, did not use the opportunity which their own governments had provided. Apart from the war criminals whom military government courts or international tribunals prosecute, next to no such cases have come before the regular German courts. And the outrageous case of the acquittal of the Erzberger murderer, Tillesen, by the Freiburg Landgericht, composed of allegedly denazified judges, speaks volumes, and has deeply incensed the decent Germans. The court acquitted him, despite the masterful indictment presented by the *Generalstaatsanwalt*, Professor Bader, because he had been amnestied by Hitler in 1933, an enactment clearly in violation of the Weimar Constitution (then, at least nominally, still in force) and, in addition, invalid under Control Council

legislation. To add insult to injury, the court in its opinion referred to Wilhelm Tell, German's most popular dramatic figure who killed the tyrant Gessler, as one of the precedents justifying the acquittal.

No, your correspondent sees the mote in the eye of military government while neglecting the beam in the German eye. Far be it from me to hold it against him. The Germans, in their plight, are prone to put the blame for the failure of their own revolution on the revolution undertaken on paper by the occupation authorities. The desperate search for food, fuel, and shelter has (temporarily, it is hoped) obscured their vision and in their national affliction they need a scapegoat. Denazification has long since left behind the stage of the legal approach by which it was insoluble almost from the beginning. It has now become a moral problem, and may in time become a metaphysical one. The Belgians and the Norwegians, and even the French, having to cope with the similar, though not identical, problem of the collaborationists, have demonstrated more vigor, more moral indignation, more sound introspection than the Germans. The result is — and that makes the issue so significant — that the elimination of Nazism in Germany has become a problem of national solidarity, the kind of resistance that the defeated can practice with impunity, without incurring the danger of violent reaction on the part of occupation authorities. Instead of burning out the weeds by their own efforts, the Germans have allowed them to cover the young grass of democracy. This aspect of the denazification issue will ultimately affect not only the Germans but all the world.

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BOOK REVIEWS

BURNS, ARTHUR F., and MITCHELL, WESLEY C. *Measuring Business Cycles*. New York: National Bureau of Economic Research. 1946. xxvii & 560 pp. \$5.

In 1927, when Professor Mitchell published his pioneer work on business cycles, he outlined a method for future empirical study. The present volume is a summary of that method as it has been revised and refined over a period of twenty years by research workers at the National Bureau of Economic Research.

Although many readers will be familiar with the technique from the numerous monographs that have been published by the Bureau, it is nevertheless necessary, as a preliminary step in discussing the new book, to present a brief account of the statistical procedure. The authors propose to study business cycles not on the basis of a small group of statistical series, but by using as many series as are available. In the words of Professor Mitchell (in *Business Cycles: the Problem and its Setting*, 1927, p. 469), they ". . . seek to find what features have been characteristic of all or most cycles, and to concentrate attention upon them, paying less attention to features which have been peculiar to one or a few cases." In short, the authors are looking for the "average" behavior of economic data during cyclical swings of expansion and contraction. In some cases the cycles studied go as far back as the middle of the nineteenth century. For the most part, however, the series included in the present volume do not go back farther than 1885.

The authors consider two types of "average" cycles, a reference cycle and a specific cycle. The reference cycle represents a composite picture of the behavior of a particular series during periods of general expansion or contraction of the economy as a whole, while the specific cycle presents the average behavior of the series during periods of expansion and contraction of the individual series. This sounds quite complicated, but once the fundamental principle is grasped, the statistical procedure can be followed without difficulty.

In the case of the reference cycles the time interval to be studied is marked off into periods of general cyclical expansion and periods of general contraction; in other words, dates are given for the turning points of general business activity. Cyclical peaks and troughs are listed on an annual, quarterly, and monthly basis. The monthly peaks and troughs for business cycles in the United States during the inter-war period, for example, are as shown in the accompanying list. Al-

though the exact method of determining these turning points is not given in the book, the dates, for the most part, are based upon Willard L. Thorp's *Business Annals*, and represent the authors' best judgment as to the particular point at which a period of general expansion gave way to a period of contraction, or conversely.

<i>Peak</i>	<i>Trough</i>
Jan. 1920	Apr. 1919
May 1923	Sept. 1921
Oct. 1926	July 1924
June 1929	Dec. 1927
May 1937	Mar. 1933
	May 1938

Having set definite dates for the peaks and troughs of general economic activity, the authors proceed to study the behavior of particular series within cycles marked off by these dates. For most purposes a complete cycle is regarded as the movement from trough to trough. In order to compare the movements of a series within one reference cycle with the movements of the same series in another cycle, each reference cycle is divided into nine stages. The first and ninth stages are the initial and terminal troughs, the fifth stage is the peak, and the other stages are dividing points which separate peaks from troughs by equal distances in time. The value of a particular series at each stage of a reference cycle is expressed as a percentage of the average value of the series for the entire reference cycle. The purpose of this procedure is to eliminate, as far as possible, the secular growth of the series between one cycle and another, and to leave only the cyclical movements in the data. This step is analogous to, though by no means identical with, the familiar statistical method of fitting trend lines to data.

In the final step a "typical" reference cycle for the series is computed by averaging the standings of the series at each stage over all of the cycles included. If there were only two cycles, for example, the typical cycle would be computed as shown in the accompanying tabulation. The purpose of this typical reference cycle is to provide a representative or average picture of the movements of the series during periods of general expansion and contraction. The peak of the typical reference cycle need not occur at the fifth stage, since the reference-cycle stages were determined more or less independently of the individual time series. Thus the typical cycle provides information concerning the average lead or lag of the series, compared with general business activity. By comparing the typical reference cycles of a large

number of different series, the authors hope to obtain information concerning the relative degrees of variability of these series during business cycles.

Stage	First Cycle	Second Cycle	Typical Cycle
I	60	50	55
II	80	80	80
III	90	82	86
IV	100	110	105
V	120	126	123
VI	125	135	130
VII	110	120	115
VIII	90	80	85
IX	80	86	83

In addition to the reference cycles, individual time series are also analyzed by dividing the time period into "specific" cycles. The specific cycles for a particular series are simply the dates which mark off the troughs and peaks of that series. These may or may not coincide with the dates of the reference cycles. After determining the specific-cycle dates for a particular series the authors proceed, as before, to divide each cycle into stages, to express the series at each stage as a percentage of the average for an entire cycle, and to average these percentages for each stage in order to determine a typical specific cycle. The specific cycle is then compared with, among other things, its own reference cycle.

The foregoing is a description, in as simple a form as I could devise, of the statistical technique outlined in *Measuring Business Cycles*. A large part of the book consists of an elaboration of this technique. In the last three chapters, however, the method is applied to a group of seven American time series, and the results are used to test certain conclusions concerning cyclical and secular movements of economic activity. The series included are production of pig iron, new orders of freight cars, yields of high-grade railroad bonds, call-money rates on the New York Stock Exchange, railroad stock prices, the number of shares traded on the New York Stock Exchange, and bank clearings, deflated by Snyder's index of the general price level. Reasons for the selection of this particular group of series are not given. Presumably, the availability of data over a considerable period of time had much to do with the choice.

By dividing the time interval into subperiods, and comparing the typical reference cycles and specific cycles of one subperiod with the typical cycles of another, the authors provide a test of a number of current statements concerning long-run changes in cyclical behavior.

They show, first, that, as far as the seven series are concerned, it is difficult to discern significant long-run changes in the amplitude or duration of a typical cycle. "We can say with confidence," they assert (pp. 412-13), "that, on the whole, secular or structural changes have not impressed their influence very strongly on the cyclical behavior of our sample of seven American series or on the duration of business cycles in our four countries." Second, the authors examine the relation of their typical cycles to the long cycle in construction. By comparing typical cycles during periods of expansion in the building trades with cycles during periods of building contraction, they conclude that the statistical evidence does not warrant the assertion that waves of activity in the building trades affect the shape or duration of a typical business cycle. Third, the typical cycles given by the measures outlined above are related to certain longer cycles. While the results, for the most part, are again negative, the authors conclude that the long waves of prices, such as those discussed by Kondratieff, do influence the duration of the contraction phase of the cycle. Fourth, Schumpeter's idea that short cycles combine in groups of three to form longer cycles (Juglars) is tested, and again the conclusion is reached that the evidence does not suggest that the short cycles in one stage of a Juglar differ from those in another stage.

A number of other statements concerning long cycles are also tested, but this will suffice to indicate the contents of the last part of the book. In general, the results are negative, indicating that the shape of a typical cycle in the expansion phase of a long cycle does not differ significantly from the shape of the cycle in the long-cycle contraction.

This is a formidable book. So formidable, indeed, that my review has already become over-long simply in outlining its contents. In a sense, it represents the results of twenty years of research in one part of the National Bureau. The enormous amount of detailed information that has been studied, of which this book is only a small sample, is a tribute to the patience, perseverance and intellectual integrity of the authors. No one, in reading the book, can fail to be impressed by the care with which the statistical measures have been developed and explained.

Despite the care and patience with which the book is developed, however, there are many economists, including the present reviewer, who will raise serious questions about the basic approach to the study of business cycles which is advocated by Professors Burns and Mitchell. The book is not only empirical in content; it is also strongly empiricist

in philosophy. The definition of business cycles which serves as a point of departure is a purely empirical definition, and at no point in the entire book do the authors give a hint as to the underlying framework which led them to choose one method of measurement—or one set of measures—rather than another. Quoting from Professor Mitchell's earlier book, cited above, they say (p. 3): "Business cycles are a type of fluctuation found in the aggregate economic activity of nations that organize their work mainly in business enterprises; a cycle consists of expansions occurring at about the same time in many economic activities, followed by similarly general recessions, contractions, and revivals, which merge into the expansion phase of the next cycle; this sequence of changes is recurrent but not periodic; in duration business cycles vary from more than one year to ten or twelve years; they are not divisible into shorter cycles of similar character with amplitudes approximating their own."

Although few economists will question this definition as a common-sense description of what we mean by periods of business expansion and contraction, the most fundamental doubts are bound to arise as to whether it constitutes a satisfactory basis for empirical research. In recent years statisticians have repeatedly emphasized that the purpose of a statistical investigation is to determine whether facts are consistent or inconsistent with a given hypothesis or group of hypotheses. More than this cannot be expected. Both the data chosen for investigation and the manner in which they are measured depend upon the nature of the hypothesis with which the investigator begins. In the judgment of the present reviewer the definition of cycles adopted by Professors Burns and Mitchell does not constitute a hypothesis that can be refuted by reference to the facts. It is hardly more than an assertion that economic variables are mutually related, and do not move, with respect to one another, in a completely random fashion.

The absence of a conceptual framework—of a theory to be tested—means that the purpose of the authors in selecting one set of facts over another, and in using one set of measures rather than another, is unclear to the reader, and must remain so until the essential theory is supplied. In attempting to save the reader from what they call the "dreamland of equilibrium," the authors have thoroughly entangled him, if not themselves, in the jungleland of facts.

This is no denial, of course, of the usefulness of empirical research, or even, to a limited extent, of the validity of the empiricist philosophy. Important discoveries are sometimes made in scientific investigations simply as a by-product of what appears to be a more or less

purposeless sifting and relating of data. Once these discoveries are made, however, the new theories almost invariably lead to a weeding out or selection of data to be investigated, and to a definite statistical procedure which differs substantially from the initial probing. Nothing of this sort is apparent, as yet, in the National Bureau's work on business cycles. It may be that Professors Burns and Mitchell have discovered a theory of business cycles as a result of the work that is summarized in the present volume. If so, it would have been an enormous help to the reader if the authors had summarized the theory at the beginning of the book, and if they had shown how their theory was related to their methods of measurement.

In the first chapter the authors discuss these problems of method in some detail, and reject the testing of hypotheses as a satisfactory procedure for their own purposes. Thus they say (p. 9): "This work cannot be organized in the most effective way by taking up one hypothesis after another for 'verification.' The plan of testing theories would indeed lead to work with the facts, but in an artificial order, and one involving much repetition. The investigator can save time, all the more because the undertaking is so huge, by concentrating upon a systematic examination of the cyclical movements in different economic activities, classified in whatever fashion seems best suited to his purpose. In making this examination, he will not put the 'theories' aside; on the contrary he will use them continuously as hypotheses concerning what activities and what relations among them are worth studying."

It is precisely at this point that the fundamental difference of opinion between Professors Burns and Mitchell and the present reviewer appears. The procedure followed in *Measuring Business Cycles* consists in *first* setting up a statistical measure and *later* using this measure to test certain generalizations by other economists. Unless I am seriously mistaken, the prevailing view among statisticians is that the theory to be tested determines the statistical procedure to be adopted, and that the theory therefore necessarily precedes the empirical study. It is logically impossible, except by accident, to bring the testing of theories into the problem as one proceeds along the road, as a sort of by-product of a more general examination of facts.

These critical remarks are in no way intended to disparage the invaluable contributions which Professors Mitchell and Burns, and their staff at the National Bureau, have made to the progress of economics. By his insistence that economists must study the facts of economic life Professor Mitchell has profoundly altered and improved

the development of American economics. Under his guidance the National Bureau has compiled and classified economic facts which are indispensable to the working economist. The present book, however, is something more than a compilation of facts. It is an attempt to marshal economic events into some sort of orderly sequence. It is my belief that such an attempt cannot succeed, except by accident, unless the authors have a conceptual pattern—call it a “hunch” or a theory or a hypothesis—into which they believe the facts should fit. Such a pattern is not to be found in *Measuring Business Cycles*.

It is perhaps not surprising that Professors Burns and Mitchell are reluctant to accept any prevailing theory or group of theories as a basis for their empirical research. Business-cycle theory is still in a relatively backward state, compared with other branches of economics, and it would be reckless to assert that a definitive explanation of the processes of expansion and contraction has been discovered. Substantial progress has been made in this direction, however, and this progress is not reflected in the empirical research of the present volume. One would never know, for example, from reading the book, that an intellectual revolution had occurred as a result of Keynes's *General Theory of Employment, Interest and Money*, and that this revolution had profoundly affected all branches of economics, including the explanation of business cycles. The central problem of investment incentives, which most economists today agree is the core of the explanation of business fluctuations, plays no part in *Measuring Business Cycles*. No indication is given that the data chosen for investigation were chosen to illuminate this problem.

In refusing to be guided by prevailing and widely accepted economic theory the authors have materially reduced the efficiency of their empirical research. They have included, in their cyclical averages, business cycles that are known from other studies to have been the result of widely different economic events. The war expansion of 1914-18, for example, is treated in exactly the same manner as any other period of expansion; that is, it is regarded as a normal expansion phase of a typical cycle. Again, the contraction from 1929 to 1933 is averaged in with all other periods of contraction, despite the evidence that in many respects it was fundamentally different from them. (Other National Bureau studies—see Harold Barger, *Outlay and Income in the United States, 1921-38*, 1942, pp. 122-23—show that the Great Depression was closely related to a decline in investment in producers' durable goods and in construction activity, whereas the depressions of the 1920's were associated, to a much greater extent,

with fluctuations in business inventories.) In view of the heterogeneity of the cycles included in the averages, it is not surprising that the standard errors of these average cyclical patterns are large. It is not surprising, either, that the difference between one average pattern and another is frequently not significant, statistically.

It is a tremendous loss to American economics that Professors Burns and Mitchell, in preparing their monumental work on business cycles, should have divorced themselves so completely from prevailing trends in economic thought. As a result of their insistence upon separating facts from current theories, the book inevitably seems to lack cohesiveness and purpose. Professor Mitchell will shortly publish another volume, to be called *What Happens During Business Cycles*. It is very much to be hoped that this forthcoming book will supply the missing link for the present book by outlining a theoretical framework for the study of economic fluctuations.

LLOYD A. METZLER

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ELSAS, N. J. *Umriss einer Geschichte der Preise und Löhne in Deutschland, vom ausgehenden Mittelalter bis zum Beginn des neunzehnten Jahrhunderts*. Zweiter Band, Teil A. Leiden: A. W. Sythoff. 1940. 649 pp.

This sequel to a first volume on the history of prices in Germany, published in 1936, is part of a still more comprehensive research project. On the initiative of Sir William H. Beveridge and of Professor Edwin Gay of Harvard University, the International Scientific Committee on Price History was created in 1930. Outstanding scholars, assisted by grants from the Rockefeller Foundation, constituted study groups in various countries for gathering historical material on prices in Germany, England, France, the Netherlands, Austria, Poland, Spain, and the United States. Their work, tedious and long-range by nature, is not yet quite terminated. Political upheavals fortunately did not halt the project though they did delay publication of the studies. The book under discussion bears the date 1940 as the year of publication, but it did not appear until 1946.) A proud series of volumes, however, has already been published, and in the not too distant future the rich harvest of one of the greatest undertakings of international scientific collaboration will have been garnered.

Whereas the first volume on prices in Germany, covering the period from 1350 to about 1800, includes southern German cities such as Munich, Augsburg, and Würzburg, the second deals with prices and

wages in the central German cities of Frankfurt-am-Main, Leipzig, and Speyer. That part of the second volume with which this review is concerned excludes intercity comparisons, and monthly and quarterly price data; these are left to the forthcoming second section of the volume.

In accord with the primary objective set by the International Committee, Elsas and his collaborators aimed at "bringing to light out of the archives the most comprehensive material in a methodologically consistent fashion" (vol. 1, p. 1). This goal implies a series of toilsome operations. From the documents examined, which were mainly hospital, poorhouse, and orphanage accounts and the records of city treasurers, containing, in the case of Germany, over a million entries for expenditures on commodities, the appropriate data had to be selected, and checked for errors. Since prices were seldom recorded directly, they had to be calculated by dividing expenditures by quantities involved. Owing to the complexity of the procedure, heightened by the frequent uncertainty with regard to the measures and currencies in which the entries were made, this was no easy task. When the preliminary work with the different sources was done, single yearly average city prices for each item were derived and all prices were converted to the same currency unit.

Yearly price series established in the way described are presented in comprehensive tables, which form the backbone of Elsas' publication. They refer to the purchase price of foodstuffs, clothing materials, dyestuffs, building materials, and various other commodities required in the operation of public institutions. In the case of Frankfurt, for example, some seventy items are incorporated in the unified annual series, in addition to various wage data. The periods covered, however, vary markedly for each item and many data are rather spotty.

These tables, while constituting the indispensable basis for any full-fledged history of the structure and the level of prices, do not make good reading matter. But the historical and technical comments on each commodity and wage item do. These explanations reveal the irrational complication and instability of the economic life in the pre-capitalist era. They also convey a notion of the craftsmanship, the minute knowledge of local history, and the patience required for research work of this type.

Because familiarity with the material and its background cannot be shared by any but the research workers in the field, critical comments, the salt of the usual book review, are out of place. The reviewer can accomplish only two things: he can describe the nature and scope

of the research, and he can express his admiration for the achievement. When completed, this work together with the studies made in the other countries will stand among the outstanding contributions to economic history, indeed, it may be said, even to the history of civilization.

JULIUS WYLER

SALIN, EDGAR. *Geschichte der Volkswirtschaftslehre*. [Third Edition.] Berne: A. Francke. 1944. 224 pp. 11.50 Swiss francs.

RÜSTOW, ALEXANDER. *Das Versagen des Wirtschaftsliberalismus als Religionsgeschichtliches Problem*. [Istanbuler Schriften Nr. 12.] Zurich: Europa-Verlag. 1945. 142 pp.

In its third edition Salin's History of Political Economy has been cleared of the whimsical and somewhat dangerous romantic aspects which diminished the usefulness of the preceding shorter versions. It speaks for the author that he could achieve this without eliminating anything of significance from the former editions. Merely by supplements and insertions, designed to clarify and document his point of view, he has now given us a book which, while presupposing some knowledge of the works it comments upon, is of a distinctly useful, individual, and scholarly character.

The main criticism of the book is that it is still too brief. After a very excellent "prehistory," which, with the subsequent chapter on mercantilism, fills a third of the book, and after an extensive polemic against the German historical school for its lack of a theory — which alone could have organized its enormous store of factual knowledge — the space that remains is not sufficient to permit a proportional treatment of even the major economic doctrines. One conspicuous omission is that of Malthus' theory of the crisis, the first such theory in history. Another is in the treatment of the Marxian theory of capitalist development: Marx's discussion of the crisis is touched upon, but his doctrine of the centralization of production is not even mentioned. For the modern theory of the crisis the author has only a few lines. So towering a figure as Veblen, and one so close to the author's program, is ignored.

The value of the book is in its methodological point of view, which is vigorously pressed in the discussion of the various doctrines. Salin insists that the neglect of theory "deprives historiography, and most of all economic history, of the sense of measure and significance." But within theory he distinguishes "rational theory," which reflects only a part of reality, from what he calls "*anschauliche Theorie*," the

morphology of capitalist society, which must include rational theory in itself. The German adjective *anschaulich* is nothing but the literal translation of the original meaning of the Greek noun, and the English translation recommended by the author, "essential theory," is not only too pretentious but gives no clue to the underlying method. The latter is not unlike the method of the G stalt school in psychology; both originate in what may be called aesthetic vision rather than in analytical procedure, and start from the proposition that one cannot adequately describe any function of a living structure without its context, which in the case of economics is historical and sociological. While "theory without history is possible," it may be empty. Theorists of the caliber of Pareto are rare: aware of, and intending, the limitation of his economic work, he supplemented it by other works of an entirely different nature. What matters is "not only logical correctness but also historical or actual validity," and this can be judged only on the basis of a more profound and more comprehensive knowledge.

The market process is embedded in social and political processes, which constitute the market and its participants and react to the market process in a complicated give and take. But from the point of view of modern economic theory, which deduces from "given" data, even the "economic" interpretation of history is distinctly outside economics, for it is concerned with explaining the data. In other words, Marx is emphatically on the side of Salin's "*anschauliche Theorie*," which Marx calls "political economy," against "economics." Salin's examples of proponents of "*anschauliche Theorie*" include — besides Marx — List, Sombart, and also Adam Smith, quite rightly. He is right, too, in pointing out that even the best intention must not be mistaken for achievement; that List and Sombart are too weak in rational theory, as is true also of Veblen; and that Marx relies too much on it and is too weak in the theory of nonrational processes to give a balanced and wholly realistic picture. But it remains true that the program for a theory of imperial economies (List) or of capitalism (Marx) or of "economic systems," such as capitalism and socialism (Sombart), is fundamentally different from the program for a theory of price, which is what Smith's theory was reduced to by his school, stripped of its morphological elements, and which thereafter dominated Anglo-American economics until the days of Veblen and Keynes. It is striking indeed that the representatives of "*anschauliche Theorie*" after Smith are almost all Germans, and — with the one exception of Marx, who had his theoretical training in England — no match for Anglo-Saxon "rational" theorists. Salin infers that there is a special task for German

political economy — "*Volkswirtschaftslehre*." Whether he is right in this cannot be decided. But there is no doubt that an age of crisis more than ever demands of responsible economists an insight into the whole of the economic process rather than into selected technical phases of it.

Some points of Salin's program find a most brilliant illustration in Rüstow's booklet, which is as erudite and richly documented as it is rewarding. What economists more or less vaguely refer to as the doctrine of preordained harmony underlying laissez-faire economics is here traced as the wide and majestic flow of thought which sprang from Pythagoras and Heraclitus, was summarized by the Stoics and handed down by them through the ages to the scholars of modern Europe, to whom classical thought was the natural air they breathed. This tradition was philosophical, to be sure, but with a distinct religious element; the concept of a law of harmony which permeates the universe can be formulated and taught only with a sense of awe and veneration for the deity therein manifested. Quesnay, Smith, and the others do not present their theories as theories in the modern sober sense of that word; the solemnity of the physiocrats as well as several passages in Smith, including his explicit references to the invisible hand, testify to the intensely religious character of the approach. Almost a hundred years later Thünen, the discoverer of marginal productivity, presented his theories in a similar vein, and confessed that it was his study of the economic world which had led him back to the Christian belief of his childhood. And Gossen, the discoverer of marginal value, both introduces and closes his book in a hymnic style. I cannot here give more than these few typical examples drawn from the author's abundant roster.

Schumpeter and Mises assert that this is only a custom, irrelevant to the essence of the theoretical argument, which must still stand the tests of logic and verification. But intellectual history is not the rational movement which they believe it to be. Verification and refutation do not cogently work in the social sciences, because the complexity of all changes makes it impossible to impute special effects to special causes; there always remains ample room for interpretation. In other words, Schumpeter and Mises ignore the wide margin in which pre- and extra-scientific factors can influence scientific propositions without running the risk of outright refutation by facts. To what extent is Mises' quixotic sticking to an obsolete theory traceable to the survival in him of the dogmatic religious elements which he decries? By now these elements have assumed the form of methodological presuppositions to

scientific reasoning, and as such they have become binding upon those who no longer personally subscribe to the original religious form.

But it is that religious form, according to Rüstow, which, through its "providentialist optimism," spoiled the theory of liberalism. If the universe is a great chorus of praise, the free market must be part of the universal harmony. And if one can show that price tends to regulate private economic activities, no further critical qualifications seem to be needed or possible. To be sure, it was thus overlooked that the market, that is, the pursuit of private interests, has in itself no harmonizing, integrative power; that it presupposes rather than creates a functioning economic community; that it can work only where a strong community life and a strong and independent government integrate the separate interests which the market opposes to one another. But that very integrative power seemed to be inherent in the market itself, and thus the blind optimism was confirmed — because the quasi-religious belief in the market had integrative power, as does every common religion, although the technique of the market is far from having it. Likewise the enthusiastic belief in free trade was, as such, enough to integrate the international community, thus contributing to the notion that the economic institutions of free trade themselves produce harmony and peace, which they do not do.

Thus Rüstow makes the religious inheritance in the theory of liberalism responsible for liberalism's blindness to its own sociological prerequisites. Deprived of integrating forces, liberalism degenerated into capitalism, where an uninhibited hunt for profit, no matter at what cost to the community, rends the community into hostile camps, corrupts the state, which it deliberately keeps weak and incapable of resistance, and forces the state to grant to private interests all sorts of subsidies, tariffs, and prerogatives. Capitalism inevitably produces its own opposite, collectivism, which would not at all have followed from a liberalism conscious of its own requisites and limits. As it is, "providentialist optimism," disillusioned with the perverted and abused institutions of liberalism, celebrates its own resurgence in Marxian messianism. Thus the religious bias, the confusion between the institutions of the market and the spiritual and sociological conditions of its functioning, is equally conspicuous in the perversion of liberalism and in the rise of its collectivist nemesis. This is the point of Rüstow's brilliant argument, which in practical policy leads to what he calls "liberal interventionism," designed to stave off the corruptions and aberrations, even at the expense of productivity, where this may be necessary.

The argument does not stand alone. It has served as the starting point to the three books by Röpke which are so widely discussed in Europe these days (*Die Gesellschaftskrisis der Gegenwart*, 1942; *Civitas Humana*, 1944; *Internationale Ordnung*, 1945). Hayek's *Road to Serfdom* can somehow be reconciled with it, although the emphasis of the two books is different, Hayek fighting socialism, the product of perverted liberalism, and Rüstow concentrating on that perversion. A parallel achievement of an essentially socialist character is the important book by Karl Polanyi, *The Great Transformation*, 1944, which also argues that the market can never integrate society and that therefore its supremacy is responsible for the plight of western mankind. Finally, and in the context of the present discussion, Rüstow's book effectively supplements and even "implements," that of Salin, who insists that rational theory gives an incomplete picture of economic reality. Rüstow presents the morphology of rational theory itself, and indirectly of the society it helped to bring about, by interpreting the strategic significance of what is disparaged as mere decoration. He makes intelligible what otherwise must appear as a strange accident. Whether the a-religious, scientific understanding of society which he seems to postulate is a human possibility is a different question.

EDUARD HEIMANN

VALENTIN, VEIT. *The German People, Their History and Civilization from the Holy Roman Empire to the Third Reich*. New York: Alfred A. Knopf. 1946. xx & 730 pp., index 31 pp. \$6.

The author of this German history, the first large-scale book of its kind to be published in English, died an untimely death six months after the book appeared. It represents, therefore, a historian's last and very noble effort to synthesize a life work, which, in numerous writings, had been devoted to Central European affairs. Or, to put it more specifically, the book represents an effort to extend the author's knowledge and understanding to the whole of a historical process in and by which the "German people" were molded in all their complexity and yet received a definite stamp, the key to their most recent fate. There is hardly a more important problem to grapple with at this time. And though the book in large part is mere narrative, it certainly argues a point worth arguing. Moreover, the task at hand is approached with that honesty for which Valentin was always known and without the misleading spur of resentment that has marred so many lesser books on the subject. But while the reviewer wishes to pay tribute to these merits, he feels some reluctance about the other and no less necessary

side of his job, that of criticizing when there is no chance for rebuttal. It is with some restraint, therefore, that the directions in which the book falls short of the mark are indicated.

One defect is a certain carelessness in matters of detail, which would make it possible to list a considerable number of errata. For example, the British subsidies to Frederick II amounted to £570,000 annually, not £670,000; the Verdun offensive took place in 1916, not 1915; the Genoa and Rapallo conferences occurred not in 1921, as Valentin states, but in 1922.

Another weakness concerns the problem of emphasis. It is true that the general organization of the material presents a well-calculated balance, with about 150 pages devoted to each of the more remote periods — the one preceding Luther, and the other extending from Luther to the French Revolution — about 270 pages given to the phase from 1789 to 1918, and about 100 pages for Weimar and the Third Reich. The emphasis throughout is on straight political history, though some chapters on social and cultural developments are incorporated in the narrative. How to integrate these areas is admittedly an old problem. But in this specific case one wonders whether the conventional pattern can satisfy the readers' needs, particularly those of non-German readers. The stress laid upon the innumerable details of dynastic history may be relevant to the author's purposes inasmuch as it brings out the "pettiness" of German life. But the net result of this treatment is that anecdotes and trivialities obscure the structural features. And would it not be more important in a history of the German people to make some mention, at least, of the statuary of Bamberg or Naumburg instead of according space to the amorous demands and the ugliness of Margaret Maultasch?

In fact, the chapters on German civilization show striking weaknesses. There is hardly an echo of the broad research work which a whole generation has devoted to medieval and late medieval thought. The remark that the rule of Frederick II in Sicily mirrors "the spirit of Cluny in a secularized form" is one of the many artificial statements that occur throughout the book. "*Via antiqua*" is mistakenly opposed to "*devotio moderna*"; the "Brethren of the common life" are not even mentioned, and so on. There are perhaps fewer omissions and errors in the chapters on more recent cultural activities. But too often the discussion resembles a mere cataloguing. Where distinctions and coordinations are established, they are of doubtful value. Were the very progressive and "Western" judicial reforms of Cocceji really part of Prussia's "closing herself against influences that came from outside the

Empire"? And is there any sense in lumping the German Youth Movement with Maximilian Harden?

This leads to the problem of the implied value judgments and structural viewpoints. The author justly disposes of the assumption of a preformed national or racially conditioned character of the German people, though he uses some semiracial theories himself, laying stress on the pre-Indo-European, as well as the Celtic and Slavic components. He is on surer ground with his emphasis on the geographical and historical subdivisions (particularly the Roman, the "pure," and the colonial parts) into which Germany falls. Mainly from this angle he analyzes political history with its particularist trend and its profound influence upon the German character. There is no reason to take issue with this line of argument. It is at least consistent, whatever the value judgments implied; and the author's natural sympathies with everything that is Western and liberal do not prevent him from showing a reasonable amount of objectivity in the appraisal of rival forces.

It is not possible in a short review to give credit to the many good points which can be found in the interpretation of political events, or to discuss those of a controversial character, but the last two chapters may be taken as a test case. For sound reasons, the author does not give a full story of the Nazi ascent to power (why he constantly refers to it as the "reorganization" of January 1933 is not easy to understand) or of Nazi politics; he tries his hand, rather, at a systematic analysis. There is much that is interesting in this analysis, but the attempt to integrate it with the whole of the book demonstrates more clearly than anything else on what shaky ground it is built. On the one hand, the author remains the sober and honest historian. He states unmistakably that Hitler was fundamentally different from all great men in German history, not only from Kant, Goethe, and Stein, but also from Luther, Frederick the Great, and Bismarck. In addition, he comes back to his personal brand of racial theory by stressing the fact that "pure" Germans were least affected by National Socialism, whereas the great army of supporters, according to his view, came from the large number of "Celtic and Slavic hybrids." As far as the strikingly "non-Nordic" character of the leaders of the party and of many typical Nazis is concerned, the author may have a point, though the description of the party as one of "sub-humanity," which the author also uses, seems more appropriate than any racial denominator. But then, with a surprising switch in the argument, the author states that National Socialism "recapitulates the entire gamut of German history," that it is the "sum of the German past." Even greater inconsistencies emerge

as Valentin searches for one of those clichés of which he was always all too fond. After having analyzed "six weaknesses" of the German character, he apodictically declares that Hitler (the sub-human?) is "a supremely typical embodiment of all six weaknesses of the German national character as here outlined." And to top this, Hitler is called "the greatest of all the German Michels." Such a statement is not only full of contradictions in all that it implies, but unfortunately is also an "embodiment" of typical weaknesses running through the whole book.

HANS ROTHFELS

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NICHOLSON, HAROLD. *The Congress of Vienna, A Study in Allied Unity 1812-1822*. New York: Harcourt Brace. 1946. 312 pp. \$4.

In his study of the Congress of Vienna, Harold Nicholson has produced a remarkable book. An excellent piece of writing, it transforms a hardly manageable complexity of interrelated events into a lucid narrative of but 290 pages. It not only amuses the reader and informs the student of history about a past period, but educates the political understanding of the puzzled student or bewildered observer of the present European scene. The non-British reader may smile occasionally at some innocent remarks on the generosity of the British in giving back part of the rich Dutch colonies. We may wonder whether the author does not underestimate the skill and wisdom of some leading Continental figures, whose task was so much more difficult than that of the British. But all this is irrelevant; it does not touch the value of the book. It may even be that the relative aloofness with which the British can afford to look at the history of Continental Europe gives British eyes a better chance to be "objective" than those of any Continental historian.

Harold Nicholson, who has been close to acting statesmen, conference tables, and peacemaking, is greatly helped by an experience which the professional scholar usually lacks. This gives him his lively awareness of the incredible maze of factors and forces, the role of accidents, the place of chance, human wisdom and stupidity, and the hard logic of the things themselves and their demands. With remarkable restraint, judgment, and discretion he refrains from generalizing any conclusions that could be drawn. He does not compare; he even stresses the uniqueness of the historical situation. Yet one feels that the author sees the peacemaking of the Congress of Vienna against the background of the task which confronts the great powers now and will

remain through some years to come. The reader can hardly impose the restraint of the author on his own mind; analogies and differences, inextricably entwined, come to his mind and engage in a confused battle. The author is historian enough not to take sides; he hardly even gives any hints.

Yet if the book happens to be read by one or another of the men whose work will be the present peace, he will probably be amazed by the multitude of analogies between the problems to be solved, the interests and the factors involved—despite all the differences that forbid comparison. Stalin is not Alexander I. Not all the statesmen or governments, with their interests, intentions, ways and means, are transparent to one another, as they were at the Congress of Vienna. There was not much interference then by the power of slogans to be complied with; public opinion was not the opinion of modern industrial society and its masses; the economies of the nations had not yet the complexity and vulnerability of the industrial age; no government was interested in upsetting or revising the social order in other states; there was still an international society, a common way of life, and a common interest of parallel and interrelated ruling classes in peace and in certain rules of the game. The "balance of power" still had the meaning of a possible political reality—not of two powers or power blocs balancing each other precariously, but of five powers which could be expected to prevent the predominance of any one in shifting alliances and constellations. In reading this book the modern actor on the political scene may well enjoy the story of Vienna, not only for the charm of the social amenities at the Congress, but—and probably more—for the absence of some disturbing and sinister factors which make his own work so much more difficult and so much less entertaining.

KURT RIEZLER

EHRMANN, HENRY W. *French Labor from Popular Front to Liberation*. New York: Oxford University Press. 1947. 329 pp. \$4.

The Institute of World Affairs may be congratulated on its publication of Dr. Ehrmann's book on the recent history of French labor. Such a study is important, as Dr. Adolph Lowe points out in the preface, for the understanding of a social group now holding a key position in a country which itself is holding a strategic position on the European continent. The author has produced a distinguished piece of work which makes a most valuable contribution to this understanding. His intimate knowledge of French labor is evident from his dis-

criminating use of a wide variety of original sources as well as from his intelligent and sober comments and conclusions. His sympathy for labor does not detract from his objectivity, nor his scholarship from the interest of the story.

The book is divided into three parts covering respectively the pre-war period, the war, and the Vichy regime. The first part, which deals with the rise and fall of the labor movement during the 1930's, includes a useful sketch of France's economic and social condition on the eve of the Popular Front and several excellent chapters on economic reforms, labor legislation and the issue of national defense. Part II describes in detail the break with the Communists, the part played by labor in the war economy, and labor-management relations during the war; this is the most complete and the most valuable section. Part III, dealing with collaboration and resistance, is somewhat shorter but gives an interesting picture of Vichy's social policy and of labor's opposition.

Although Dr. Ehrmann wisely avoids upholding a thesis, two main themes run throughout his narrative: the stubborn opposition of management to trade unions, and the division within labor's ranks. The attitude of French employers is illustrated by the fact that no more than twenty-two collective agreements were signed in any of the five years preceding the success of the Popular Front. The resultant weakness of the CGT is evident from its membership figures: early in 1936 its membership totaled only about one million. It took the electoral triumph of the Popular Front and the sit-down strikes of May and June 1936—for which a plausible explanation is given—to force the representatives of business to sign the famous Matignon agreement, which brought about a much-needed equilibrium between the two partners. But the agreement was accepted by management grudgingly, with thoughts of revenge. The counteroffensive that nullified the gains of labor was brought to a successful ending by the Reynaud decree laws of November 1938 and by the total failure of the general strike. Thereafter the CGT was excluded from the national life of France.

In contrast with the policy followed during World War I, the Daladier government denied labor its rightful place in the war effort. It penalized overtime work and created conditions for the requisitioned workers that made for widespread resentment. What had begun as the elimination of Communist organizations "developed into a progressive elimination of civil liberties." A semitotalitarian system was created, in which compulsion tended to replace cooperation. The

danger implicit in a policy that led to unsatisfactory relations between government, management and labor was recognized too late.

On the other hand, it may well be that cooperation was impossible. In Dr. Ehrmann's words, "a pluralist and democratic system, such as that proposed by Jouhaux, can work only if there exists some fundamental basis of understanding among the social groups involved, and in France such a basis of understanding did not exist." Labor-management relations in France, as the author points out, were less business relations than class relations. Since there was no adequate basis for satisfactory compromises, the state had to step in and fulfill the functions that were not fulfilled by the representatives of labor and capital. Thus the regulation of collective bargaining was complemented by the establishment of machinery for compulsory mediation and arbitration, and this in turn led to the appointment of superarbiters by the administration, thus further weakening the participation of business and labor in the normalization of industrial relations. The CGT was in part unwilling and in part unable to adapt its traditional policy of "direct action" to the conditions created by growing state intervention—but political "independence" was no longer possible when the gains realized in 1936 were at the mercy of a change in government.

Labor itself was divided and unable to present a solid front to its opponents. Not only was there the Catholic CFTC, suspect to many, and the Communist CGTU, but also, within the CGT itself, the reformists were not all of one mind. After the reunification of the CGTU and the CGT it was the issue of foreign policy that highlighted the divergence of positions. The leadership of the CGT was divided into three groups. The Communists rather abruptly forgot about their antimilitarism to preach all-out resistance to Nazi ambitions—that is, until the Hitler-Stalin pact. A center group behind Jouhaux reluctantly abandoned its pacifist leanings. In November 1938 these two groups voted for the general strike, which was directed more against Munich than against the decree laws. The failure of that strike only strengthened the position of the third group, the *Syndicats coterie* behind Belin, who became appeasers and ended as collaborationists. Their acceptance of fascist corporativism is explained by Dr. Ehrmann on the grounds of their traditional pacifism, their insistence on labor's "independence" of political affairs, above all on the "strange, almost conspiratorial solidarity" of these anti-Communists.

This stand met only contempt from the workers, who soon played a major part in the resistance movement. Their opposition to Vichy's authoritarian "Labor Charter" and to the policy of collaboration

brought about a solidarity that had never existed before. The Communists were readmitted in the now illegal CGT, and close cooperation developed with the leaders of the Catholic CFTC, now aware of the relationship between corporativism and fascism. "In 1940 the bewildered and seriously divided labor movement lived at best on the margin of the nation. In 1944, on the eve of liberation, the trade unions had recovered organizational and ideological cohesion; labor was regarded as having formed the very core of the national resistance movement within France."

Dr. Ehrmann's book provides a better understanding not only of the present position of labor but of the whole economic and political situation in France. No student of European affairs can afford to miss it.

University of Virginia

CHARLES A. MICAUD

HICKS, GRANVILLE. *Small Town*. New York: Macmillan. 1946. 276 pp. \$3.

Granville Hicks in *Small Town* has three themes: his intellectual apologia; the life of Roxborough; and the role and dilemma of the intellectual in the United States. Each is worthy of a fuller treatment than was possible in this small book.

The author's honesty, idealism, and deep interest in the welfare of the people are apparent. He wants a good life for America, and he feels that the intellectual must lead the way. Therefore, it is the gulf between the intellectual and the people which concerns Mr. Hicks, and it is this that he has sought to bridge. It is in this spirit that his pilgrimage to and away from Communism are described without rancor and with sincerity. Mr. Hicks feels that it is necessary for the intellectual to be identified with the people, and that this is possible only by participation in the life of a community composed of nonintellectuals. The intellectual must give to the community his greater awareness of socialized living and his ability in social techniques. Without these, democracy may be lost. This is almost a plea for an American "back to the people" — a native version of the Narod. His argument, briefly, is that the urban intellectual is isolated, and to that extent is rendered ineffective; and that the hope for America lies in handling the "new democratic processes" on an experimental basis in the small towns. The small town may be expected to play the same part in the future development of American democracy that it has in the past. New America will emerge from the testing of new forms

of social action in the small towns — new forms for which the leadership will be furnished by the intellectual.

If Roxborough is in any sense typical, and there is reason to believe that it is, then leadership is badly needed. Roxborough is no demibucolic utopia. Suspiciousness and passivity are rampant; gossip and the imputation of evil motives are forms of social control as well as the common and favored content of communication. Political allegiance is hereditary, politics and voting are openly corrupt. The school system is inefficient both in methods of teaching and curriculum content. The town has no economic base; it was not able to make the transition from a subsistence to a money economy. Despite a sophistication about machinery, in other fields thinking is almost prelogical.

Mr. Hicks has attempted to transform his own precepts into action. He has given ten years of service to the town, and will continue to serve it. His contributions to Roxborough are substantial. But the way many of the townspeople feel about him may be indicated by what was said to Mr. Hicks by one of their politicians: "You're the smartest man in town, and you've done as much for the town as anyone, and nobody's got any use for you. I say you're a chump."

Unquestionably, living in Roxborough satisfies certain needs for the author. He frankly states that he dislikes the city. As a child and youth he lived in and liked the medium-sized town, where he felt that he had a place. In spite of the hostility with which he seems to be surrounded, he has found in Roxborough a sense of belonging. His isolation is decreased, and his creativity seems augmented. Mr. Hicks may have had a more difficult time of it than other intellectuals might have, because of his reputation for radicalism. He points out that what has happened to him should not be considered typical; nor is it necessarily true that other intellectuals must live as close to the people as seems to be necessary for him. But the logic of his argument implies wide applicability for his statements about the locus of the intellectual in modern society and the role of the small town.

While Mr. Hicks has found a place for himself in Roxborough, it cannot be concluded that this would be true for other intellectuals, in other Roxboroughs. It is certainly possible for the intellectual to accomplish the function that the author ascribes to him without living in the small town. It is true that in order to lead creatively, he must be identified with the people. But identification is possible without participation. In an age of mass society, identification through participation is a device for easy manipulation, and one which was used to inhibit criticism on the part of the followers. It is probably the most

effective device for reducing distance between people, if the goal is that of increasing the susceptibility and the imposition of the will of an individual upon the group. The kind of participation that Mr. Hicks favors would, in a democratic setting, require so many compromises that the leadership value of the intellectual might be negated. And the closeness of the intellectual to the community, enforced by his participation, could easily be disturbing. Mr. Hicks proves that in Roxborough objective functions are lost in personal relationships, that impersonal motivations are commonly suspected of being self-serving, that actions are likely to be interpreted inappropriately, and that apathy on social and political questions is a form of personal defense. It may be that the intellectual can function only by preserving some social distance from the people. We know that the Narod failed. There is no more reason to think that the indigenous variety would be more successful.

Nor is it necessary, since Mr. Hicks's assumption that the fate of the country will be decided by what happens in the small towns is in conflict with increasing urbanization and a decline in the economic and social importance of the kind of community with which he deals. Mr. Hicks has overestimated the influence of the New England town meeting in the evolution of democracy. As much was achieved by urban workers in their struggles for suffrage, unionization, and free education. If there is to be a battle to keep this country a democracy, as Mr. Hicks anticipates, the issues will be larger than the small town, and the victories won there will be peripheral.

Mr. Hicks has, however, made an interesting contribution to sociological method. The technique which he used in his study was that of the participant observer. This method is not new, and it is accepted as the best for many situations. But in most studies, participant observers have been participants only because they wanted to be observers. Their participation was necessarily artificial; they remained strangers. Their major stake was in their research, not in the community. Mr. Hicks' participation has roots in the structure and process of his community. For this reason there is a greater urgency and a richer texture in what he has said about Roxborough than one finds in other comparable studies. His membership in the community about which he writes has not prevented him from seeing clearly and deeply. Other students of the American community, even though using more formal and formidable approaches, have achieved no greater insight into how people feel and think.

SIDNEY AXELRAD

KINGSBURY, LAURA M. *The Economics of Housing*, as Presented by Economists, Appraisers, and Other Evaluating Groups. New York: King's Crown Press. 1946. ix & 177 pp. \$2.50.

At present there is little doubt that we need an economics of housing. The merit of the brochure under discussion consists chiefly in pointing to that fact. The author claims to have coined the phrase and laid the groundwork for this new economics.

The book contains a good synopsis and criticism of housing valuation analyses by "representative economists" (Part I), and by "practical groups" (Part II). The writings of Smith, Ricardo, Mill, Jevons, Marshall, J. B. Clark, Irving Fisher, Cassel, Dorau and Hinman are treated in relation to the following topics: the general economic nature of housing, gross rental, value of urban residential land, value of urban housing, depreciation and obsolescence, capital cost, ratio of rental to value and rate of investment return, the capitalization process, joint rental and joint value, ratio of gross rental to family income, equilibrium of cost and value. Part II, valuation by the

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"practical groups," encompasses current and recent United States appraisal practice. The appraisers evaluated include Zangerle, Shattuck, Mertzke, H. F. Clark, Frederick Babcock, Kniskern, the Federal Housing Administration (the 1938 *Underwriting Manual*), the American Institute of Real Estate Appraisers (Text Material). Other groups considered include the accountants, tax assessors, architects, housing managers and the United States Housing Authority.

Orthodox economics and its deductive method do not present a sound theoretical basis for an economics of housing. Miss Kingsbury feels that the theoretical economists have fallen far short of their goal. In many cases, however, economists cannot be fairly expected to think in terms of housing as we know it today. Indeed, housing is of all commodities perhaps the most influenced by extraeconomic factors. Therefore her contention that housing economics must recognize as "its central problem the concrete valuation of houses and their land in money terms" needs far stronger evidence than a simple pronouncement. Relations within the field of housing between land and

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labor, materials, and financing are far too complex and subtle to be simply treated as value analysis. It is probably not by chance that in her bibliography Miles L. Colean's *American Housing* is missing. Here she could have found not only factors for market analysis but also, and particularly, material for the value-cost ratio with which she is greatly concerned.

Value she defines as the "price at which a commodity probably can sell in the market sooner or later," and cost is defined positively as an investment and negatively as a sacrifice expressed in terms of money. With this premise, and the firm determination to separate land and house values and costs, it is not astonishing that Miss Kingsbury looks in vain for some quantitative and objective method by which the public can know what its house is worth. For many of the gaps, however, answers have been provided which the author has overlooked. The relation of rentals to income, for instance, has been worked out by the Brookings Institution in *America's Capacity to Consume*, 1934; to some extent it is also dealt with in Edith Elmer Wood's *Introduction*

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to *Housing: Facts and Principles*, published by the United States Housing Authority, which also does not appear in her bibliography.

Miss Kingsbury's book ends rather abruptly where we would have liked to see a beginning made. Whether or not her study has provided us with the possibilities for an "evaluating structure" this reviewer would hardly venture to guess. Such efforts, however, will have to be very positive and practical. Anyone who plans to write a real economics of housing would do well to regard the present brochure as not more than a stimulating start.

It must be borne in mind that in relation to housing the realm of economics will not suffice. Social and, indeed, political aspects and implications of housing are so strong and their demands so stern that a mere theory—no matter how objectively arrived at and how quantitatively implemented—cannot take the place of a dynamic view of a dynamic field.

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JOSEPH H. BUNZEL

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- AMONN, ALFRED. *Grundsätze der Finanzwissenschaft*. Berne: A. Francke. 1947. 240 pp. 12.50 Swiss francs.
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